

THE LEGISLATIVE COUNCIL OF THE GOVERNOR OF MADRAS.

Saturday, the 9th November 1935.

The House met at eleven of the clock, Mr. President (the Hon. Mr. B. RAMACHANDRA REDDI) in the Chair.

PRESENT:

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| Reddi Nayudu, <i>Kt.</i> , The Hon. Rai Bahadur Sir K. V. | Muthu Chettiyar, Rao Bahadur P. C. |
| Pannirselvam, The Hon. Rao Bahadur A. T. | Nachiyappa Gounder, Mr. K. A. |
| Souter, <i>c.s.i.</i> , <i>I.C.S.</i> , The Hon. Mr. C. A. | Nanjappa Bahadur, Subadar-Major S. A. |
| Bracken, <i>c.s.i.</i> , <i>c.i.e.</i> , <i>I.C.S.</i> , The Hon. Mr. G. T. H. | Narasa Reddi, Mr. T. |
| Raja of Bobbili, <i>K.C.I.E.</i> , The Hon. the. | Narasimhaswami, Rao Sahib D. V. |
| Rajan, The Hon. Mr. P. T. | Narayanan Nambiyar, Mr. V. P. |
| Kumaraswami Reddiyar, The Hon. Diwan Bahadur S. | Natesa Mudaliyar, Diwan Bahadur C. Palat, Mr. R. M. |
| Abdul Hameed Khan Sahib Bahadur. | Patnaik Mahasayo, Sriman M. G. |
| Ahmed Meeran Sahib Bahadur, A. M. | Patro, <i>Kt.</i> , Rao Bahadur Sir A. P. |
| Alamelumangathayaramma, Mrs. K. | Pattabhiramayya, Mr. K. |
| Annamalai Chettiyar, Mr. S. A. A. | Pocker Sahib Bahadur, B. |
| Appadurai Pillai, Diwan Bahadur A. | Premayya, Mr. G. R. |
| Arasu, Mr. V. T. | Rajagopala Pillai, Mr. P. V. |
| Ari Gowder, Mr. H. B. | Raja of Kallikote, The |
| Basheer Ahmed Sayeed Sahib Bahadur. | Raja of Parlakimedi, The |
| Basu Dev, Mr. C. | Ramachandra Padayachi, Mr. P. K. |
| Boag, <i>c.i.e.</i> , <i>I.C.S.</i> , Mr. G. T. | Ramalingam Chettiyar, Diwan Bahadur T. A. |
| Davis, Mr. J. A. | Ramamurti, Rao Sahib Pandit Ganala. |
| Devadasan, Mr. M. | Raman Menon, Mr. K. P. |
| Dharmalingam Pillai, Rao Sahib V. | Ramaswami Ayyar, Mr. T. S. |
| Duraiswami Reddiyar, Mr. K. M. | Ramaswami Mudaliyar, Mr. V. M. |
| Foulkes, Mr. G. F. F. | Rameswara Rao, Mr. G. |
| Gopalaswami Mudaliyar, Diwan Bahadur M. | Ranganatha Mudaliyar, Mr. A. |
| Indrayya, Mr. C. | Ranganatha Mudaliyar, Mr. G. |
| Iswaran Pillai, Mr. I. C. | Rangaswami Reddi, Mr. M. B. |
| Jagannatham, Mr. H. M. | Ratnasabhapati Mudaliyar, Diwan Bahadur C. S. |
| Jayaram Nayudu, Rao Sahib C. | Ratnavelu Thevar, Mr. P. |
| Jones, <i>I.C.S.</i> , Mr. C. E. | Reid, Mr. D. M. |
| Kesavaramamurti Nayudu, Mr. K. | Rukmani Lakshmipathi, Mrs. A. |
| Kolanda Reddi, Rai Rahib C. | Russell, <i>I.C.S.</i> , Mr. T. B. |
| Koti Reddi, Mr. K. | Scott Brown, <i>I.C.S.</i> , Mr. W. |
| Krishnayya Choudari, Mr. P. V. | Sesha Reddi, Rao Bahadur B. P. |
| Krishnamurti, Rao Bahadur D. | Shetty, Mr. A. B. |
| Langley, Mr. W. K. M. | Simhachalam Pantulu, Mr. G. |
| Madanagopal Nayudu, Mr. R. | Siya Raj, Rao Sahib N. |
| Mahboob Ali Baig Sahib Bahadur. | Smith, Mr. J. M. |
| Manikkavelu Nayakar, Mr. M. A. | Sreshtha, Mr. M. S. |
| Moidoo Sahib Bahadur, Khan Bahadur T. M. | Srinivasa Ayyangar, Mr. T. C. |
| Moses, Mr. P. C. | Srinivasan, Rao Bahadur R. |
| Muniswami Pillai, Rao Sahib V. I. | Sriramulu, Mr. G. |
| Murugappa Chettiyar, Diwan Bahadur A. M. M. | Subrahmanya Bhatt, Mr. U. C. |
| Muthiah Chettiyar, Mr. M. A. | Sundara Rao Nayudu, Mr. T. |
| | Syed Tajuddin Sahib Bahadur, Khan Sahib. |
| | Thangal, Mr. P. M. |
| | Uzielli, <i>c.i.e.</i> , <i>I.C.S.</i> , Mr. H. R. |
| | Vasudeva Pillai, Mr. V. G. |
| | Vedachala Mudaliyar, Mr. M. |

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PRESENT—cont.

Venugopal Nayudu, Rao Bahadur R. K.	Yakub Hasan Sahib Bahadur.
Wright, Sir William.	Zamindar of Bodinayakanur, The.
Yahya Ali Sahib Bahadur, Khan Bahadur.	Zamindar of Chemudu, The.
	Zamindar of Kirlampudi, The.
	Zamindar of Mirzapuram, The.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Police

Shorthand Inspectors in the Police Department.

* 512 Q.—MR. M. B. RANGASWAMI REDDI: Will the Hon. the Home Member be pleased to state—

(a) how many shorthand inspectors are employed in the Presidency; and

(b) what the expenditure incurred on account of the shorthand inspectors during the year 1934–35 is? ”

A.—(a) Two.

(b) Rs. 6,000 on account of pay and special pay. The expenditure incurred on account of travelling allowance is not known.

MR. A. RANGANATHA MUDALIYAR:—“ May I know whether the inspectors referred to are Police Inspectors? ”

The Hon. Rao Bahadur A. T. PANNIRSELVAM:—“ Yes, Sir, Police Inspectors. ”

MR. A. RANGANATHA MUDALIYAR:—“ Does this include Sub-Inspectors also? ”

The Hon. Rao Bahadur A. T. PANNIRSELVAM:—“ No, Sir, the answer is only with reference to Inspectors. ”

Irrigation

Interest realized on the capital outlay on the Kistna and the Godavari Delta systems.

* 513 Q.—MR. P. V. KRISHNAYYA CHOUDARI: Will the Hon. the Member for Revenue be pleased to state—

(a) what is the total capital expenditure on the Kistna and Godavari Delta systems; and

(b) what interest they expected to derive on the capital invested and what interest they are now actually getting?

A.—(a) The total capital expenditure to end of 1933–34 on the Godavari and Kistna Delta systems was Rs. 1,82,03,346 and Rs. 1,97,00,711, respectively.

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- (b) The return anticipated at the time of the completion of the original construction estimates was 9.3 per cent in the case of the Godavari Delta system and 6.77 per cent in the case of the Kistna Delta system. The return for 1933-34 on the total capital outlay was 15.8 per cent and 13.6 per cent, respectively.

Mr. P. V. KRISHNAYYA CHOUDARI:—" May I know, Sir, whether the Government have included in the capital expenditure the inclusion fees collected from year to year from the ryots of these two deltas? "

The Hon. Mr. C. A. SOUTER:—" Inclusion fees are not items of capital expenditure."

Mr. V. T. ARASU:—" Arising from the answer to clause (b) which states that the return for 1933-34 on the total capital outlay was 15.8 per cent and 13.6 per cent, may I know, Sir, whether in calculating this percentage of return, allowance has been made for the maintenance charges and the salary paid to the staff connected with the delta system? "

The Hon. Mr. C. A. SOUTER:—" Yes, Sir, this is the net return."

Mr. V. M. RAMASWAMI MUDALIYAR:—" May I ask, Sir, in view of the return being more than what was anticipated, whether the Government have examined any proposal of giving any relief to the ryots of the delta by reducing the water-rates? "

The Hon. Mr. C. A. SOUTER:—" No, Sir, the rates in the delta are not very high."

Mr. P. V. KRISHNAYYA CHOUDARI:—" Very recently a flat water-rate of Rs. 6-4-0 has been levied in the delta. What are the reasons for Government increasing the rate when they got a return in excess of their anticipation? "

The Hon. Mr. C. A. SOUTER:—" I presume the hon. Member means that Rs. 6-4-0 is an excessive rate. It is not."

Breach in the Tippayipalem anicut, Cumbum, Kurnool district.

*514 Q.—S. M. K. BEYABANI SAHIB Bahadur: Will the Hon. the Member for Revenue be pleased to state—

(a) whether it is a fact that there was a breach in the newly constructed Tippayipalem anicut in Cumbum (Kurnool);

(b) whether the Chief Engineer inspected the anicut after completion and was satisfied with the work;

(c) whether the amount of the contract has been paid to the contractor in full; and

(d) what is the estimated cost of repairing the breach and what time it will take to complete the same?

A.—(a) Yes.

(b) The Chief Engineer for Irrigation did not inspect the reservoir after the work was completed and before the

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bund breached. He inspected it afterwards in September 1935. He has reported that the breaches were not due to any mistake in the design or to defective workmanship during execution.

(c) The Government have no information.

(d) The restoration of the bund will cost Rs. 60,000 to Rs. 70,000 and it may not take more than 12 months to complete the work.

Mr. V. M. RAMASWAMI MUDALIYAR:—" May I know, Sir, whether the Chief Engineer has reported as to what exactly was the cause of this anicut giving way? "

The Hon. Mr. C. A. SOUTER:—" I shall explain very briefly. The earth work on that bund had only been recently put down and there had been some rain and it had not time to consolidate properly. Suddenly there was very heavy rain and within a very few hours the tank rose to the extent of 10 feet and water began to percolate through the new earth work; and due to the enormous pressure exercised by the sudden rise in the water by 10 feet and in consequence of this percolation of water, a hole was made which gradually extended and the entire bund collapsed."

Mr. A. RANGANATHA MUDALIYAR:—" May I know what is the full tank level? "

The Hon. Mr. C. A. SOUTER:—" Notice, Sir."

Mr. A. RANGANATHA MUDALIYAR:—" May I know if with a rise of only 10 feet of water such damage could have taken place? "

The Hon. Mr. C. A. SOUTER:—" I think I have explained, Sir."

Land Revenue Administration

Appointment and transfer of clerks in the Revenue Department.

* 515 Q.—**Mr. K. A. NACHIYAPPA GOUNDER:** Will the Hon. the Member for Revenue be pleased to state—

(a) whether the clerks entertained in the Revenue department may be transferred to other departments;

(b) if so, for what reasons and on what principles such transfers are made;

(c) whether a copy of the Government Order passed permitting such transfers will be placed on the table;

(d) how many such transfers have been made from the Revenue department in Salem district in each year for the past three years;

(e) who the persons concerned are; to which department each has been transferred; what the qualifications and service put up by and the community of each are and whether they are the juniormost hands then in service of the Revenue department;

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(f) how many persons have been drafted into the Revenue department from the Settlement department in that district in each year for the past three years;

(g) who the persons concerned are, what the qualifications, and the service, if any, in the Revenue department and the community of each are; and

(h) what the reasons are for such drafting when men originally entertained in this (Revenue) department are shunted out?

A.—(a) They may be transferred to posts in other departments included in the Madras Ministerial Service, subject to the provisions of Fundamental Rule 15, and provided that the appointing authorities concerned agree.

(b) Transfers may be made at the request of individual clerks, or in the interests of administrative convenience.

(c) The attention of the hon. Member is invited to rule 15 of the General Rules for Subordinate Services governing transfers which is printed in the Madras Services Manual, Volume II, a copy of which is available in the Secretariat Library.

(d), (e), (f), (g) & (h) The Government have not the information.

Mr. K. A. NACHIYAPPA GOUNDER:—" May I know, Sir, whether the information required in clauses (d) to (h) would be called for and made available to the House? "

The Hon. Mr. C. A. SOUTER:—" I do not think it is necessary, Sir."

Mr. K. A. NACHIYAPPA GOUNDER:—" May I ask, Sir, whether on account of the abolition of the group system, they are not able to get on well with the revenue establishments of the various districts? "

The Hon. Mr. C. A. SOUTER:—" We do not think so, Sir."

Public Service

Number of gazetted appointments held by the members of the 'Scheduled classes' as on 31st March 1935.

* 516 Q.—Mr. P. V. RAJAGOPALA PILLAI: Will the Hon. the Member for Revenue be pleased to state—

(a) the number of gazetted appointments held by members of 'Scheduled classes' on the 31st March 1935;

(b) the designation of such appointments; and

(c) the particular caste of the holders of such appointments?

A.—A statement * is laid on the table.

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Mr. P. V. RAJAGOPALA PILLAI:—" Out of the sanctioned strength of 1,805 gazetted appointments, 656 are held by Brahmans, 361 by Non-Brahman Hindus, 101 by Muhammadans, 392 by Non-Asiatics and Anglo-Indians, 14 by Indian Christians and 10 by others. As only 4 appointments are held by members belonging to the scheduled classes, will Government be pleased to appoint more members of the scheduled classes to these posts? "

The Hon. Mr. C. A. SOUTER:—" We shall try, Sir."

Reasons for the decrease in the number of gazetted appointments held by the scheduled classes.

* 517 Q.—Mr. P. V. RAJAGOPALA PILLAI: Will the Hon. the Member for Revenue be pleased to state the cause of the decrease in the number of gazetted appointments held by scheduled classes as shown below:—

	1st April 1934.	1st April 1935.	Decrease
Temporary, acting or probationary appointments.	7	4	3
Permanent appointments	12	6	6

A.—*Temporary, acting or probationary appointments.*—The figures were made up as follows:—

	1934.	1935.	Difference.
Revenue department	3	2	— 1
Excise department	..	1	+ 1
Police department	3	..	— 3
Veterinary department	..	1	+ 1
District Board Engineering department.	1	..	— 1

I regret the figures against the Police department were wrong. The figures ought to be 2 in 1934 and 2 in 1935. There was thus no reduction in strength in this department. The reduction of one each in the Revenue and the District Board Engineering departments is due to the confirmation of the officers in question and to their consequent inclusion in the return of permanent officers.

Permanent.—The figures were made up as follows:—

	1934.	1935.	Difference.
Revenue department	1	3	+ 2
High Court	10	..	— 10
Registration department	..	1	+ 1
Co-operative department	1	1	..
District Board Engineering department.	..	1	+ 1

I regret again that the figures shown in the statement against the High Court were wrong. The figures ought to be 'nil' in 1934 and 'nil' in 1935. There is thus no reduction in strength at all.

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Local Self-Government

Objections of the South Indian Railway Company to the construction of two road bridges in Malabar.

* 518 Q.—Mrs. A. RUKMANI LAKSHMIPATHI: Will the Hon. the Minister for Local Self-Government be pleased to state—

(a) whether there was any objection from the South Indian Railway Company regarding the construction of two road bridges in Malabar where there are only ferries now; and

(b) what the orders are of the Government with respect to the objection of the South Indian Railway?

A.—The Government of India have been addressed in the matter and their orders are awaited.

Mrs. A. RUKMANI LAKSHMIPATHI:—“ May I know, Sir, what objections the South Indian Railway have raised in the matter of construction of road bridges and what the opinion of the Local Government is? ”

The Hon. the RAJA OF BOBBILI:—“ The South Indian Railway have sent in their views in the matter of construction of bridges and they have been forwarded to the Government of India with the recommendations of the Provincial Board of Communications. This Government and the Provincial Board of Communications are in favour of the construction and I see no reason to believe that the recommendations of the Provincial Board of Communications would be turned down by the Government of India.”

Mr. W. K. M. LANGLEY:—“ May I know, Sir, if the Government are aware that the general opinion of all commercial bodies of Malabar and South Kanara is that the proposed bridges would not damage railway interests to the slightest extent? ”

The Hon. the RAJA OF BOBBILI:—“ I cannot give a straight answer to that question; but in the opinion of the Government these bridges are necessary in the public interest.”

Mr. W. K. M. LANGLEY:—“ Is the Government aware that the public of Malabar is greatly inconvenienced through the absence of these bridges? ”

The Hon. the RAJA OF BOBBILI:—“ I am aware and I have also a personal knowledge of these parts.”

Protests against G.O. No. 4619, L. & M., dated the 20th October 1934, in re the revision of salaries of teachers employed under local boards.

* 519 Q.—Mr. M. S. SRESHTA: Will the Hon. the Minister for Local Self-Government be pleased to state—

(a) whether he had received any representations from the local bodies and teachers' unions requesting him to revise the scale of pay of teachers in the service of local bodies before he issued G.O. No. 4619, L. & M., dated 20th October 1934;

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(b) if not, whether he had consulted these abovenamed bodies and the Director of Public Instruction before revising the scales of pay;

(c) if the answer to the above is in the affirmative, whether their opinion was in favour of the revision;

(d) since the introduction of G.O. No. 4619, L. & M., dated 20th October 1934, how many local bodies and teachers' unions have protested against this Government Order;

(e) since the introduction of this G.O. No. 4619, L. & M., dated 20th October 1934, how many bodies have interviewed the Minister and how many have sought interviews with him asking him to rescind this Government Order; what replies were given to each of them;

(f) why was the recognized principle of the Public Service to exclude old incumbents from the operation of the new scales of pay when they adversely affect them, not applied in the case of teachers in the service of the local bodies; and

(g) how many representations have been received by the Government requesting them to give the old incumbents the old scale of pay?

A.—(a) No.

(b) The Director of Public Instruction was consulted.

(c) The Director of Public Instruction was in favour of the revision.

(d) & (e) A large number of representations were received. No useful purpose is likely to be served by giving further details.

(f) The Government were agreeable to the grant of personal pay in all cases of real hardship and so they did not consider it necessary to exclude existing teachers from the operation of the Government Order. Attention of the hon. Member is also invited to the reply of the Hon. the Chief Minister to the adjournment motion on the subject on the 26th January 1935.

(g) The Government do not consider it necessary to collect the information.

Mr. V. T. ARASU:—"Will the Hon. Minister be pleased to state whether it is a fact that as a result of the introduction of revised scales of pay, a larger percentage of the people employed under the local boards are drawing higher pay than they used to get, and that it is only a small percentage that are drawing less than what they used to do?"

The Hon. the RAJA OF BOBBILI:—"I am not aware of any such thing."

Preference to Graduates in filling the posts of Assistant Panchayat Officers.

* 520 Q.—Mr. K. A. NACHIYAPPA GOUNDER: Will the Hon. the Minister for Local Self-Government be pleased to state—

(a) in how many District Boards Assistant Panchayat Officers have been appointed as ordered in G.O. No. 2216, L. & M., dated 11th June 1935;

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(b) what the names and addresses of persons appointed under each of the district boards for such posts are;

(c) whether the graduate clerks of the ex-taluk boards and of the district board have been given preference as ordered in the said Government Order for such appointment in each district;

(d) in how many districts such preference was not given and what the names of the districts and those of the individuals are whose claims have been overlooked; and

(e) whether representations have been received by the Inspector of Local Boards from such disappointed employees, and if so, from whom and what action has been taken thereon?

A.—(a) & (b) The attention of the hon. Member is invited to the answer to clause (b) of question No. 348 delivered on the 31st October 1935.

(c), (d) & (e) Government have no information.

Mr. K. A. NACHIYAPPA GOUNDER:—" May I ask, Sir, whether it is a fact that the appointments are made in consultation with and with due approval of the Inspector of Local Boards? "

The Hon. the RAJA OF BOBBILI:—" The appointments are subject to the approval of the Inspector of Local Boards."

Mr. K. A. NACHIYAPPA GOUNDER:—" If it is so, may I ask, Sir, if it is not possible for the Government to get the information easily? "

The Hon. the RAJA OF BOBBILI:—" It is not impossible. But they cannot undertake to obtain the information from all the district boards in the presidency."

Mr. K. A. NACHIYAPPA GOUNDER:—" If the Hon. Minister can obtain the information, it will show how far the Government Orders have been followed. Will not the Minister under these circumstances, be pleased to obtain the information? "

The Hon. the RAJA OF BOBBILI:—" So far the Government have not received any complaints from graduate clerks and so they presume that, in making these appointments, the claims of graduates have been taken into consideration."

Mr. G. R. PREMAYYA:—" Arising out of the answer given by the Hon. Minister, may I ask, who on earth can get the information, if he is not able to obtain it? "

The Hon. the RAJA OF BOBBILI:—" I have not stated that I cannot get the information. All I stated was that the information is not available with the Government. It will take a great deal of time to get the information. If the hon. Member will mention any particular case, I shall be glad to obtain the information."

Mr. K. KOTI REDDI:—" May I know if any qualifications have been prescribed for appointment as Assistant Panchayat Officers? "

The Hon. the RAJA OF BOBBILI:—" Yes, Sir."

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Mr. K. KOTI REDDI:—" May I know, Sir, if these rules were followed in the case of the Assistant Panchayat Officer appointed in Anantapur district recently? "

The Hon. the RAJA OF BOBBILI:—" I can say that the rules have been followed."

Mr. MAHBOOB ALI BAIG:—" Will the Hon. the Chief Minister call for information as to whether any Muhammadan was appointed to the post? "

The Hon. the RAJA OF BOBBILI:—" It is not possible in all cases to apply the communal principle to these appointments as in a great majority of cases persons doing similar duties in the district boards are appointed and in other cases appointments are made from district board and ex-taluk board employees."

Mr. MAHBOOB ALI BAIG:—" Is it a fact that no Muhammadan has been appointed to the post? "

The Hon. the RAJA OF BOBBILI:—" I am not in a position to answer the question."

Mr. MAHBOOB ALI BAIG:—" Will the Hon. the Minister suggest to the local bodies that some Muhammadans are appointed to the posts? "

The Hon. the RAJA OF BOBBILI:—" The difficulty is that the appointing authority is the president of the district board. The Government can only see that the rules are observed."

Mr. MAHBOOB ALI BAIG:—" Will not the principle of communal representation be made applicable to these posts? "

The Hon. the RAJA OF BOBBILI:—" It has been applied to certain cases. But in the case of these appointments it is not possible to make it effective for the reason already stated."

Appointment of Muslims as Assistant Panchayat Officers.

* 521 Q.—Mr. MAHBOOB ALI BAIG: Will the Hon. the Minister for Local Self-Government be pleased to state—

(a) the number of Assistant Panchayat Officers appointed till now;

(b) the number of Muslims appointed to the said posts; and

(c) whether the proportion of the Muslim appointees is in accordance with the communal Government Order; if not, why not?

A.—The attention of the hon. Member is invited to the answer to question No. 350 delivered on the 31st October 1935.

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Police

*Alleged assault by soldiers on pedestrians near the
Munro Statue, Madras.*

* 521-A Q.—Mr. U. C. SUBRAHMANYA BHATT: Will the Hon. the Home Member be pleased to state—

(a) whether it is a fact that T. N. Sundararaman, a clerk of the Burmah Shell Company and five others were assaulted by eleven soldiers near the Munro Statue on their way back from the Gaiety Theatre to Georgetown on the night of 2nd November 1935; and

(b) whether it is a fact that the police of the Law College Police Station refused to take action saying that such things have become common and that they were helpless?

A.—(a) A complaint of assault on himself and some others by British soldiers was made by T. M. Sundararaman at the Law College Police Station at 1-15 a.m. on 3rd November 1935.

(b) No; a full investigation of the complaint is in progress.

Mr. K. A. NACHIYAPPA GOUNDER:—"In view of the fact that such occurrences happen every now and then, will the Hon. Member take stringent action and see that such things are not repeated."

The Hon. Rao Bahadur A. T. PANNIRSELVAM: "May I know what the hon. Member means by 'such things.'"

Mr. K. A. NACHIYAPPA GOUNDER:—"Assaults and not taking action at the proper time."

The Hon. Rao Bahadur A. T. PANNIRSELVAM:—"These ordinary assaults are not cognizable offences."

Mr. V. M. RAMASWAMI MUDALIYAR:—"Will the Hon. Member make arrangements for more patrolling and bundobast in that part of the road because that is the one part in the City where such things have occurred before?"

The Hon. Rao Bahadur A. T. PANNIRSELVAM:—"I do not know that such incidents are very frequent. It will not be safe to make a generalization out of a single incident."

Mr. K. A. NACHIYAPPA GOUNDER:—"May I know, Sir, whether the Government have called for information and will see that prompt steps are taken in the matter?"

The Hon. Rao Bahadur A. T. PANNIRSELVAM:—"It is stated in the answer that the investigation is going on."

Mr. V. M. RAMASWAMI MUDALIYAR:—"May I know if the Government are aware that such incidents have occurred in this particular portion of the main road, namely, between the Willingdon Bridge and the Wallajah Road and if the Government will be pleased to make the necessary arrangements for the prevention of such assaults?"

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The Hon. Rao Bahadur A. T. PANNIRSELVAM:—"I cannot say that such things have never happened in that part of the City; but I have no reason to believe that they are more frequent there than in any other part of the City."

Mr. K. A. NACHYAPPA GOUNDER:—"May I know if Government have received definite information as to why the police refused to take action?"

The Hon. Rao Bahadur A. T. PANNIRSELVAM:—"It is not correct to say that the police refused to take action. They have recorded a complaint and the case is being investigated into."

UNSTARRED QUESTION

Inland Waterways

Licence fee on boats plying in the Buckingham Canal.

522 Q.—Mr. V. T. ARASU: Will the Hon. the Member for Revenue be pleased to state—

(a) the rate of licence fee that is levied on boats using the Buckingham Canal;

(b) whether in case during any part of the year the canal is unfit for traffic either on account of low level of water or on account of floods, any refund is made of the licence fees collected from the owners of boats; and

(c) if no such refund is made, why it is not done?

A.—(a) The rate of licence fees is as follows:—

	Annual.			Six weeks.		
	RS.	A.	P.	RS.	A.	P.
Steamers or motor vessels per ton of registered tonnage	25	8	0	* 7	8	0
Open cargo boats per ton of registered tonnage	4	8	0	0	15	0
Passenger boats and decked cargo boat per ton of registered tonnage ..	6	0	0	1	3	6

* For the first six weeks' licence and Rs. 4-8-0 for each of the subsequent licences in any one year.

(b) & (c) Under the Navigation rules licences are granted subject to the condition that claims for compensation in consequence of the closure of all or any of the canals for repairs, insufficiency of water or any other impediment to navigation shall not be recognized, but the Executive Engineer may extend the period of a six weeks' licence, without payment of an additional fee, in the event of a boat being stranded through an unforeseen insufficiency of water. The period of extension so granted shall not exceed the time required for the boat to reach its destination after the canal has again become navigable.

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[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—MOTION UNDER STANDING ORDER No. 4 RE ANSWER TO QUESTION No. 513.

Mr. P. V. KRISHNAYYA CHOUDARI:—“ Mr. President, under Standing Order No. 4, I propose to raise a debate for half an hour after 5 p.m. to-day in view of the incomplete nature of the answers given on question No. 513.”

* The Hon. the PRESIDENT:—“ I do not see the importance of it and I therefore disallow the motion.”

NON-OFFICIAL BUSINESS.

III.—A BILL TO AMEND THE MADRAS ESTATES LAND ACT, 1908 (BILL No. 2 OF 1935).

Sriman M. G. PATNAIK Mahasayo:—“ Mr. President, Sir, I beg to move, under Standing Order No. 33 that item No. 1* may be postponed till after item No. 2 is disposed of. It will take only two minutes. Item No. 2 is: 11-15 a.m.

‘ To present the report of the Select Committee on the Bill to amend the Madras Estates Land Act, 1908 (Bill No. 2 of 1935), and move that the Bill be taken into consideration.’

‘ If the motion is carried and the Bill is considered I will move that the Bill be passed into law.’ ”

Mr. P. V. KRISHNAYYA CHOUDARI:—“ Sir, I beg to second the motion.”

The Hon. Mr. C. A. SOUTER:—“ I have no objection, Sir. So far as this Bill is concerned it will take five seconds.”

Mr. C. BASU DEV:—“ Sir, I beg to move that items 4, 6 . . . ”

* The Hon. the PRESIDENT:—“ The Hon. member can move it as a separate motion after Mr. Patnaik’s motion is disposed of.”

The question is that item No. 1 may be postponed till after item No. 2 is disposed of.

The motion was carried.

Sriman M. G. PATNAIK Mahasayo:—“ Mr. President, Sir, I beg to present the report of the Select Committee on the Bill to amend the Madras Estates Land Act, 1908 (Bill No. 2 of 1935), and move that the Bill be taken into consideration.”

The motion was duly seconded.

* Madras Debt Conciliation Bill (Bill No. 9 of 1934).

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The Hon. Mr. C. A. SOUTER:—"Sir, I beg to move—

that the Bill be recommitted to the Select Committee with an instruction that the Select Committee do consider the provisions contained in the following annexure:—

Annexure.

1. *Notwithstanding anything contained in this Act and without prejudice to the rights or liabilities of the landholders or ryots under this Act, where the rent of any land has been commuted under section 40 or has been settled under Chapter XI of the Act, a ryot may file an application before the Collector for the remission of the rent payable by him during any particular fasli on the ground that the average local prices of staple food crops in the taluk or zamindari division are lower by not less than 18 $\frac{3}{4}$ per cent than the average figures of prices on which rent in regard to such land was partly or wholly based.*
2. *The remission shall bear to the rent lawfully payable for the time being the same proportion as the average prices during the fasli, for which the application referred to in sub-section (1) is made, bear to the average prices on the basis of which the rent had been previously fixed.*
3. *The application referred to in sub-section (1) shall be made during the fasli or within six months after the fasli for which the rent sought to be remitted is due or payable provided that the said application shall not be barred by the fact that the rent payable was previously or subsequently paid or realized.*
Provided that no application to the Collector under this section shall be maintainable;
Unless notice in writing has previously been given to the landholder or to one of them if there are more than one within the fasli in respect of which the reduction of rent is claimed by registered post specifying
 - (a) the names and the addresses of the applicants;*
 - (b) the extent and description of holding or holdings in respect of which the reduction is claimed if such application does not relate to an entire village;*
 - (c) the cause of action for the relief claimed; and*
 - (d) the relief claimed.*
4. *The pendency of an application under sub-section (1) shall not by itself debar a landlord from recovering the lawful rent payable for the time being from the ryot, but it shall be open to the Collector to stay proceedings for the recovery of such portion of such rent on such terms as he shall deem fit. In doing so, the*

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[Mr. C. A. Souter]

Collector may direct the payment of the rest of the rent to the landholder or his authorized agent in the presence of the Collector or any officer authorized by him and within such time as the Collector may fix.

5. *On the making of such an application, the Collector shall, after such enquiry as may be prescribed, determine the amount of the remission to be granted to the ryot.*
6. *The order of the Collector under this section shall be final subject to the result of an appeal to the District Collector to be preferred within thirty days of the date of the Collector's order and shall not be questioned by any court.*
7. *The Local Government may frame rules for giving effect to the provisions of this section and in particular for providing for*
 - (a) *any notice by the ryot to the landholder claiming a remission before an application under this section is made;*
 - (b) *the ryot or ryots who may join in an application under this section; and*
 - (c) *the enforcement of the order of the Collector or District Collector remitting the rent or varying such order in appeal, or the refund of any rents in consequence of such orders.*

“ Sir, the annexure consists of a new draft Bill which proceeds on the principles which the hon. Mover of this motion has referred to in his Bill. The Government consider that this amending Bill will be less open to objection on the score of impracticability than the Bill which has been considered by the Select Committee which advised that it should be dropped. But the Government are not willing to drop the matter altogether and instead propose an alternative Bill which Government are prepared to bring forward before this House and I think therefore, Sir, that this Bill should be recommitted to the Select Committee to consider these provisions.”

The Hon. Rao Bahadur A. T. PANNIRSELVAM:—“ I beg to second it, Sir.”

Rao Bahadur Sir A. P. PATRO:—“ Sir, I beg to support that the Bill be recommitted to the Select Committee. I think the main principles of the Bill introduced by Mr. Patnaik and the provisions contained in the annexure are practically the same and meet the difficulties of both the landlord and the tenant. With a few corrections here and there the Bill as it is will meet the necessities and purposes of both the parties. It is true that owing to the present depressed condition the ryots urgently require concession and it must be given to them. This depressed condition is due to the fall in prices and inability of the ryots to make both ends meet. So I support the suggestion of the Hon. the Revenue Member.”

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Sriman M. G. PATNAIK Mahasayo:—"Sir, I move that an instruction be given to the Select Committee that it should present its report by the 12th instant."

The motion was duly seconded.

The Hon. Mr. C. A. SOUTER:—"I object to it, Sir. I am afraid that it is impossible for me to accept the suggestion of my hon. Friend, for we have experienced much difficulty on a former occasion when this Bill was referred to Select Committee with such an instruction."

The motion was by leave withdrawn.

* The Hon. the PRESIDENT:—"The question is that the Bill be recommitted to the Select Committee."

The motion was put and carried.

* Mr. C. BASU DEV:—"I beg to move that item 1 may be taken up after items ^a 4, 6, 8 and 9 on the agenda are disposed of. These items, Sir, will not take more than two minutes of the House. I beg the leave of the House to allow this formal motion."

The motion was duly seconded.

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"I am sorry, Sir, that I am not in a position to agree to my Friend Mr. Basu Dev's motion for we will not have time to go through the Debt Conciliation Bill to-day if we go on postponing the consideration of it."

The motion was put and lost.

IV.—THE MADRAS DEBT CONCILIATION BILL (BILL No. 9 OF 1934)—*cont.*

Clause 3.

* The Hon. the PRESIDENT:—"Hon. Members might remember that the other day we were discussing item No. 14-A ^b and we dispersed so that we might come to an understanding about that item. So I call upon Mr. T. C. Srinivasa Ayyangar to move his amendment to clause 3."

* Mr. T. C. SRINIVASA AYYANGAR:—"Mr. President, Sir, in deference to the wish expressed for an amendment embodying an agreed view, we consulted and came to the understanding the following amendment would be better. I move that—

'for the second sentence in sub-clause (1) substitute the following:—

"Such board shall consist of a Chairman and two members appointed by the Government. The Chairman shall be a person who holds or has held an office not lower in rank than that of a Sub-Judge or a Deputy Collector. One at least of the members shall be a non-official."

^a The Madras Employees' Protection Bill and the Madras Local Boards Bills of Messrs. G. Rameswara Rao, G. Simhachalam and P. C. Moses.

^b Mr. P. C. MUTHU CHETTIYAR:—"For the second sentence in sub-clause (1) substitute the following:—

'Such Board shall consist of a Chairman appointed by the Local Government from among the distinguished retired judicial officers who had held a post not lower than sub-judge's, and two members of whom one shall be a non-official.'

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"I hope the amendment will commend itself to the House."

11-30
a.m.

Mr. P. V. KRISHNAYYA CHOUDARI:—"I second the amendment as it carries out our object to a very great extent. This may be accepted by the Hon. the Leader of the House."

The amendment was put and carried.

The amendment of Mr. Muthu Chettiyar was, by leave, withdrawn.

Mr. P. V. KRISHNAYYA CHOUDARI:—"I move—

'In sub-clause (5), last line, after the word "powers" insert the words "of a board".'

"It is only a very formal amendment, Sir."

Mr. K. A. NACHIYAPPA GOUNDER:—"I second it."

The Hon. Sir K. V. REDDI NAYUDU:—"It is unnecessary because there is the word 'board' immediately above it. It only makes it redundant if you use 'board' twice over."

The amendment was, by leave, withdrawn.

Clause 3 as amended was put and carried.

Clause 4.

The Hon. Sir K. V. REDDI NAYUDU:—"I move—

'In line 6 of sub-clause (1), after the words "immovable property" insert the words "if any".'

"It is merely a formal alteration."

Mr. P. V. KRISHNAYYA CHOUDARI:—"I second it."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"I have no objection, Sir."

The amendment was put and carried.

Clause 4 as amended and clause 5 were put and carried.

Clause 6.

The Hon. Sir K. V. REDDI NAYUDU:—"I beg to move—

'For sub-clause (1) (d) substitute the following:—

"(d) Particulars of the debtors' property, both movable and immovable (including claims due to him), a specification of the value thereof and of the places where the same may be found, and details of any mortgage, lien or charge subsisting thereon."

"This is purely a verbal alteration. The language in the original Bill is believed to require some improvement and it has been redrafted."

Mr. P. V. KRISHNAYYA CHOUDARI:—"I second it."

The amendment was put and carried.

Clause 6 as amended was put and carried.

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New clause 6-A.

The Hon. Sir K. V. REDDI NAYUDU:—" I beg to move—

' After clause 6, insert the following clause:—

" 6-A. The application shall be rejected if it does not comply with any of the requirements mentioned in sections 5 and 6.

The rejection of an application under this section shall not preclude the applicant from presenting a fresh application "

" Again, Sir, this is a matter of drafting."

Mr. P. V. KRISHNAYYA CHOUDARI:—" I second it."

Mr. M. A. MUTHIAH CHETTIYAR:—" I welcome the amendment. I only want to state to the Leader of the House if it will not be better to put a time-limit within which fresh application shall be put in. If a time-limit of two or three months is put in, I have no objection."

* Mr. A. RANGANATHA MUDALIYAR:—" Sir, the amendment proposed by the Hon. the Law Member gives no option to the authority to whom an application is presented but to accept or reject it for want of any one of the conditions. I want to know if the authority should be precluded from accepting an application after having it amended if necessary instead of absolutely rejecting the application. I may say that when a document is presented before a District Registrar or a Sub-Registrar he does not refuse the registration of the document, but he advises the party to fill up the information required. In the same manner can you not do something?"

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—" In the civil courts the plaint is not rejected if it does not comply with any requirements. The plaint is returned for compliance with the conditions. It is only if ultimately the conditions are not satisfied that the plaint is rejected. I expect the same procedure as in the civil courts will be followed here also. If there is want of some information, the application will be returned for giving it. There is also the second saving clause."

The Hon. Sir K. V. REDDI NAYUDU:—" As regards the point raised by Mr. M. A. Muthiah Chettiyar, I may point out that this is not a case in which any time-limit should be fixed. We did not fix any time-limit for the first application. Settlement of affairs by amicable settlement can be made at any time. If so, to prevent a person simply because he has put in a first application will be a hardship on the creditor himself. So the matter is not in the least affected by it."

Mr. M. A. MUTHIAH CHETTIYAR:—" May I say a word by way of reply. We have fixed a time-limit that within one year the whole application should be disposed of to see that the creditor is not put to difficulty. I do not see why the time-limit should not be given here also."

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Mr. P. V. KRISHNAYYA CHOUDARI:—"One year will apply from the date on which the application is taken up. Once the application is not taken up I cannot see the force of argument of the Kumara Raja Sahib."

The amendment was put and carried and the new clause 6-A was inserted.

Clause 7.

The Hon. Sir K. V. REDDI NAYUDU:—"I beg to move—

'In sub-clause (1), line 2, after the words "the board shall" insert the words, figure and letter "unless it rejects the application under section 6-A."'

"Again, Sir, it is matter of mere drafting."

* Mr. P. V. KRISHNAYYA CHOUDARI:—"I second it."

The amendment was put and carried.

Clause 7 as amended was put and carried.

Clause 8.

* Mr. M. DEVADASAN:—"I beg to move the following amendment standing in my name:—

'In sub-clause (1), line 11, for the words "two months" substitute the words "fifteen days."'

"Most of the members of the Select Committee have been lawyers and have imported their experience and knowledge in drafting as well as in considering Bills. I do not understand why two months should be given for the preparation of statements by the creditors. If such a long time is given, it may cause harm. It is stated in the Bill that Civil Procedure Code should be followed as far as possible in carrying out the provisions of the Bill. That being the case, I do not understand why two months should be given. It is in contravention of the Rules of the Civil Procedure Code. If the amendment is not accepted it will help the creditors or bogus creditors to make statements of their own by which they can bring in bogus claims or imaginary claims. This will help some people to commit fraud upon the real creditors, to amass money. It is stated in the clause that if two months were to be found not enough the time could be extended. There is already a provision to extend the time for the statements if they were not submitted by the creditors in time. The Bill aims at effective relief to the people concerned. Such a long period should not be given but it should be limited to fifteen days. In that case it will enable parties to come to amicable settlements as expeditiously as possible. With these words I propose this amendment."

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MR. C. BASU DEV:—"I second it, particularly on the ground of expeditious disposal."

11-45
p.m.

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Sir, I think this point was discussed at length in the Select Committee and it was felt that the period should be two months and no less for the reason that if the period was less many people would be debarred from preferring their claims."

* MR. T. C. SRINIVASA AYYANGAR:—"By virtue of the general law, debtors as well as creditors can go to court for appropriate reliefs towards satisfaction. Then there is the bankruptcy law. In addition to these two we propose a new law; under this, claims must be made within two months; otherwise, it shall be presumed that the claim was satisfied—a new presumption of law. In these circumstances to curtail the time from two months to fifteen days would work hardship and make the Act, instead of being a beneficial measure, an oppressive one."

The amendment was, by leave, withdrawn.

The Hon. Sir K. V. REDDI NAYUDU:—"Sir, I move—

'For sub-clause (2), substitute the following sub-clauses, namely:—

"(2) Subject to the provisions of sub-section (3), every debt of which a statement is not submitted to the board in compliance with the provisions of sub-section (1) shall be deemed for all purposes and all occasions to have been duly discharged;

(3) If a creditor proves to the satisfaction of the board or a civil court that the notice was not served on him and that he had no knowledge of the publication thereof, the board or court may revive the debt, if the creditor files an application in that behalf within two months after he becomes aware of the proceedings taken under this section:

Provided that a creditor shall not be entitled to apply under this sub-section to the Board and to a civil court simultaneously or to apply to either the Board or a civil court after having applied to the other."

"Hon. Members will observe, Sir, that this is only a redraft of the existing sub-clause though no doubt the proviso is marked as sub-clause (3)."

MR. T. SUNDARA RAO NAYUDU:—"I second it."

MR. P. V. KRISHNAYYA CHOUDARI:—"Sir, with your permission I move my amendment to new sub-clause (3) in a slightly modified form as an amendment to the one moved by the Hon. the Law Member. It runs thus:

'In line 3 of sub-clause (3) of the amendment of the Hon. the Law Member for the word "and" substitute the word "or"; and

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'In line 4 after the word "thereof", add the words "or that for some other sufficient reason he was unable to submit the statement".'

"I move this amendment so that the Board or court may revive the debt. I request the Hon. Member to accept it."

Mr. K. A. NACHIYAPPA GOUNDER:—"I second it."

* Mr. T. C. SRINIVASA AYYANGAR:—"Mr. President, the spirit of the amendment is commendable but it should be worded better. The only reason given in the clause in the Bill as well as in the amendment of the Hon. the Law Member is that no notice was served upon the creditor and that he had also no knowledge. Under the Civil Procedure Code it would be a good ground that either a notice was not served or that the party had no knowledge. These are two distinct reasons, but here in the Bill both must co-exist. If the word 'or' is put in, instead of the word 'and', it would be better. Further there may be other reasons also as to why a man could not come within two months. Provision must be made for that also."

The Hon. Sir K. V. REDDI NAYUDU:—"I accept the amendment subject to redrafting."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"I have no objection to the amendment of Mr. Krishnayya Choudari, because the only provision that has been made in the section has as amended by the Select Committee reference to publication and knowledge. It may be that a man is not well or has gone outside India. To cover such cases it is necessary that a provision like the one proposed should be added. But if any proviso is introduced, there ought to be provision for going both to the Board and to the court. It was at the instance of the hon. Member that that provision was introduced."

* Mr. A. RANGANATHA MUDALIYAR:—"Sir, I have a difficulty in regard to the proviso included in the amendment moved by the Hon. the Law Member. He says that a creditor shall not be entitled to go to a civil court and the arbitration Board simultaneously. With that I agree. But he goes on further to say: 'nor shall he be entitled to apply to either the Board or a civil court after having applied to the other'."

"The purpose of this Bill is to assist the debtor to have his case disposed of as soon as possible and probably as advantageously as possible. It is a well known fact that resort to civil court means delay, cost and all that. We want to avoid all that. Suppose a man goes to a civil court and then withdraws his case, is he precluded from applying to the Board for relief?"

* Mr. M. DEVADASAN:—"Sir, I move—

'In sub-clause (3) of the amendment moved by Hon. Law Member for the words "two months" substitute the words "thirty days".'

[Mr. M. Devadasan] [9th November 1935]

"In this case I find that one has been allowed too much time for presenting an application for setting aside an order already passed against him. An aggrieved man cannot be sitting idle for two months after he becomes aware of the order passed ex parte against him. In similar cases only thirty days are allowed in civil courts. I consider that two months' time is unnecessary and that thirty days would be enough. Further, we do not know how the two months' time will be calculated. In some months we have thirty-one days and in one month of February we have only twenty-eight days. So instead of saying so many months, it is better that we limit the time to so many days."

Mr. T. SUNDARA RAO NAYUDU:—"I second it."

The Hon. Sir K. V. REDDI NAYUDU:—"Mr. President, as regards the number of days, it is a question of opinion. In the Select Committee it was thought that a longer period than thirty days should be given and so the period was extended to two months."

"As regards the other point raised by the hon. Mover, I believe there is a provision in the General Clauses Act explaining what a 'month' means. There will be no difficulty. There are many Acts in which the word 'month' is used. There is the Limitation Act in which also the word 'month' has been used a number of times and the courts have had no difficulty in finding out what the last date on which a suit or claim becomes time-barred. I therefore see no reason for accepting the amendment of Mr. Devadasan."

"Sir, I think it would be convenient if you put sub-clause (2) separately to vote."

* The Hon. the PRESIDENT:—"The question before the House is—
'For sub-clause (2) of clause 8 substitute the following clauses, namely:—

- "(2) Subject to the provisions of sub section (3), every debt of which a statement is not submitted to the board in compliance with the provisions of sub-section (1) shall be deemed for all purposes and all occasions to have been duly discharged;
- ~
- (3) If a creditor proves to the satisfaction of the board or a civil court that the notice was not served on him and that he had no knowledge of the publication thereof, the board or court may revive the debt, if the creditor files an application in that behalf within two months after he becomes aware of the proceedings taken under this section:

Provided that a creditor shall not be entitled to apply under this sub-section to the board and to a civil court simultaneously or to apply to either the board or a civil court after having applied to the other."

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"I shall now put only the proposed sub-clause (2) to the vote."

Proposed sub-clause (2) was put and carried.

* The Hon. the PRESIDENT:—"I shall now take up proposed sub-clause (3). The question is—

1 'that in line 3 in the proposed sub-clause (3) for the word "and" the word "or" be substituted.'"

The amendment was put and carried. ✓

* The Hon. the PRESIDENT:—"The question is—

'that in line 4 of proposed sub-clause (3) after the word "thereof" the following words be inserted:—

"or that for some other sufficient reason, he was unable to submit the statement""."

The amendment was put and carried.

* The Hon. the PRESIDENT:—"The question is—

3 1 'that for the words "two months" in the proposed sub-clause (3) the words "thirty days" be substituted.'"

The amendment was put and lost. ✗

Mr. M. A. MUTHIAH CHETTIYAR:—"I think it is quite enough if you prevent simultaneous application by the creditor both to the civil court and to the board. So, I think it would not be fair to prevent a creditor from applying to the court after he has applied to the board or vice versa. The hon. the Mover of the Bill has also agreed with me in this respect. So I move—

'that the words "or to apply to either the board or a civil court after having applied to the other" be omitted in the last two lines of the proposed proviso to sub-clause (3).'"

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"I second it."

Mr. P. V. KRISHNAYYA CHOUDARI:—"I beg to move the following amendment:—

'Add the following as a second proviso to sub-clause (3):—

"Provided further that no debt shall be revived after the expiry of one year from the date of service or publication of notice, as the case may be"".

"Sir, some people try to avoid all sorts of notices and publications and any matter may be reopened even after two years if the proviso I have proposed is not added. Even if a person goes to England, he will not forget to take care of his estates and leave instructions to those who act on his behalf here. We do not safeguard his interests. I feel that this amendment will certainly safeguard the interests of the debtor as well as the creditor. As a matter of fact, in the Civil Procedure Code, provision is made only for publication, and finally when a Istihar is issued the court will not wait any more and after that nothing can be reopened. Similarly, if we have this proviso to safeguard the interests of the debtor as well as the creditor, it will once

[Mr. P. V. Krishnayya Choudari] [9th November 1935]

and for all dispose of a matter without giving an opportunity to the creditors to open the subject again."

The amendment was duly seconded.

* Mr. T. C. SRINIVASA AYYANGAR:—"I am afraid the tendency of our legislation seems to make it more and more difficult for those who own property or money and desire to lend their money to those who are in need of it. We are all aware that the Limitation Act is a most comprehensive Act expressly limiting the time for suits. Even there the principle is that only the remedy by a suit or application is barred and a debt will not be extinguished because it is barred by time. There is a special provision in the Contract Act by which even a barred debt is saved by expressly providing that if there is a promise in writing, it is enforceable. Such being the case, a new penal provision of a statutory character is sought to be introduced here by which any debts for which claims were not made within a particular date would become extinguished. I feel that in these experiments in legislation the provisions must be wholesome and people must be trusted. People must feel that such a provision is reasonable. Whatever may be in the mind of the hon. Member, Mr. Krishnayya Choudari, I am afraid that the amendment he seeks to introduce is a drastic step and I feel I must oppose it. The proviso reads:—

'Provided that no debt shall be revived after the expiry of one year, etc.'

"In the case of debts under promissory notes, etc., the period of limitation is three years and in the case of registered documents the period of limitation is six years. So, while a creditor has three years or six years under the general law, here if a creditor comes in the second year and applies to the board but one year after the date of service or publication of notice, he will not be allowed to make out his claim and the debt due to him will become extinguished. So all sorts of difficulties may crop up. This is a most drastic provision that I have ever come across."

Mr. P. V. KRISHNAYYA CHOUDARI:—"Sir, I am not able to understand the arguments of my hon. Friend, Mr. T. C. Srinivasa Ayyangar. I have provided for a period of twelve months from the date of publication of notice within which the creditor can reopen his case. Certainly if a creditor is so careless even during all that period he is not entitled to collect his money. I have not brought in a drastic amendment or anything of that sort. The very idea of this legislation is to dispose of the matter as quickly as possible, instead of taking up these matters to law courts. Even in the case of pro-notes the period of limitation is only three years. Here no time-bar is fixed. If a particular man has gone away to England or some other place and returns from such a place after six years and says that his case should be reopened, I think it would be absurd to reopen such cases. I therefore appeal to the Hon. the Leader of the House and the Mover of the Bill to accept my amendment. I think if necessary I should press my amendment to a division."

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Rao Bahadur P. C. MUTHU CHETTIYAR:—“ஆனரபில் மெம்பர் செனதிரி சொல்வதை நான் ஆதரிக்கிறேன். ஒவ்வொருவருடைய பாத்தியங்களையும் காப்பாற்றுவதற்கு வேறு சட்டங்கள் இருக்கின்றன.”

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—“I am also inclined to think that if this amendment is accepted it would lead to a great deal of trouble. Even in cases of *ex parte* decrees they are reopened on the representation of parties. It is only the date of the knowledge of the dismissal of a suit or the giving of a decree that is taken into consideration and limitation is computed from that date. So to say that from the date of this publication one year should be taken as the limit is going against the principles of law which are being administered in courts. I also feel that the penalty, viz., the extinguishment of the debt for not making the application before the board within the time prescribed will be a great hardship if these facilities provided to meet difficulties were taken away. I therefore oppose the amendment.”

The amendment of Mr. Krishnayya Choudari was put and lost.

* The Hon. the PRESIDENT:—“I will put sub-clause (3) without the proviso to the vote of the House. The question is— 12-15 P.M.

‘(3) If a creditor proves to the satisfaction of the board or a civil court that the notice was not served on him or that he had no knowledge of the publication thereof or that for some other sufficient reason, he was unable to submit the statement, the board or court may revive the debt, if the creditor files an application in that behalf within two months after he becomes aware of the proceedings taken under this section.’”

The amendment was put and carried. ✓

The Hon. Sir K. V. REDDI NAYUDU:—“Mr. President, Sir, I regret I am unable to accept the amendment to the proviso. Hon. Members will remember that this does not apply to the ordinary procedure, but only to the revival proceedings. Failure in revival proceedings would mean the destruction of the debt and the arguments which have been advanced a little while ago to the proviso moved by Mr. Krishnayya Choudari, will apply word for word to this also. Let us take the words sought to be removed:

‘or to apply to either the board or a civil court after having applied to the other.’

It simply says that when once an application is made before the board and it is lost, you cannot go before a court and similarly when once an application is made before a civil court and it is lost, you cannot go before the board. The ordinary principle of *res judicata* will apply. I think, Sir, such a thing is in the interests of the creditors.”

Mr. M. A. MUTHIAH CHETTIYAR:—“I do not press the amendment.”

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The amendment was by leave withdrawn. X

The proviso which reads as follows was put and carried:

'Provided that a creditor shall not be entitled to apply under this sub-section to the board and to a civil court simultaneously or to apply to either the board or a civil court after having applied to the other.'

Clause 8 as amended was put and carried.

Clause 9.

* Mr. G. RAMESWARA RAO:—"Mr. President, Sir, I move—

'that in line 1 of the proviso to sub-clause (3), after the word "board" the words "or the civil court" be inserted.'

"Sir, sub-clause (3) says that if a creditor does not produce a document before the board, it shall not be produced by him at any time thereafter in any litigation and it will not be admissible in evidence against the debtor in any suit brought by the creditor or by any person claiming under him. Then the proviso says:

'Provided the board shall have power to excuse for valid reasons any default or delay in producing the document and to grant reasonable time for producing the same.'

The proviso covers cases which come within the cognizance of the board itself. But if a suit is filed by the creditor later on in a civil court, this section will oust the jurisdiction of the civil court in deciding the admissibility of the document as evidence. When we are enunciating an important rule in the Law of Evidence, we must make matters clear. We must show beyond doubt that the provisions of the Civil Procedure Code giving discretion to civil courts and the law of evidence are not interfered with. That is why I have proposed my amendment. If the amendment is carried, the discretionary powers of the civil court to excuse delay and so on will be left intact."

Mr. K. KOTI REDDI:—"I second it."

The Hon. Sir K. V. REDDI NAYUDU:—"Mr. President, Sir, I beg leave to oppose the amendment. The proposed addition is with a view to enable the board and the civil court to excuse default or delay on the part of the creditor in producing a document under sub-section (1) of section 9. The question whether the Debt Conciliation Board alone or both the board and the civil court should be empowered to excuse delay was discussed in the select committee. It was decided to vest the power in the board. It does not seem therefore that the proposal would fit in with the scheme of the Act. It will be observed that clause 16 ousts the jurisdiction of civil courts in respect of matters pending before the Debt Conciliation Board. It is thus desirable that the board alone should have the power given in the proviso to clause 9."

Mr. T. C. SRINIVASA AYYANGAR:—"Mr. President, Sir, I am afraid my hon. Friend, Mr. Rameswara Rao's object will be stultified by his own amendment. Sir, this Bill can undoubtedly legislate so far as the boards which it creates and erects as judicial authority are concerned. Can it alter the general law regarding evidence? The Evidence Act applies to civil courts. It is not stated here that if the

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document is not produced, the penalty will apply not only to the proceedings before the board but also to the proceedings everywhere. The clause in the Bill can primarily deal with proceedings before the board. I do not know whether by any provisions contained in this Bill the law relating to procedure and evidence in civil courts is sought to be interfered with with regard to matters pending there."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Mr. President, Sir, I also oppose the amendment but not for the reason mentioned by Mr. T. C. Srinivasa Ayyangar, because he will find if he reads sub-clause (3) that it refers to suits brought in civil courts. The sub-clause takes away the right of the person to produce the document in a civil court. The point is this. In order to enable the board to decide what debts are due by a debtor, all the documents in the possession of creditors must be produced. If a creditor produces some documents and reserves other documents for being produced in civil courts, there will be no chance of arriving at a finality in these matters. So, power cannot be given to the civil courts to go into the matter again. What the civil court is asked to do is to find out whether the person who failed to produce a document had sufficient reason or not. On the other hand if the civil court is to sit in judgment over these matters probably after five, six or ten years, there will be no end to litigation. Therefore the board alone should have the power to decide after hearing the creditor whether he was justified in his failure to produce the document or not."

* Mr. G. RAMESWARA RAO:—"Mr. President, I should like to explain my position for the benefit of Mr. Srinivasa Ayyangar. There is the contingency of a petition filed before the board being completely rejected. Then the creditor will go before a civil court with a view to proving the debt and obtaining a decree thereupon. In such a contingency, this section, as has been rightly interpreted by Mr. Ramalingam Chettiyar, will prevent him from producing all his documents. This section will deprive the civil court of the jurisdiction of deciding whether according to the Evidence Act and the Civil Procedure Code, the documents are admissible in evidence or not. If the document is completely shut out the man goes without a remedy. The board rejects the main application filed before it and the civil court cannot look into the documents and do substantial justice in a later litigation. It is only to meet this contingency that this amendment is intended. If this explanation has not satisfied either the hon. Mover or the Hon. the Law Member, the creditors must thank themselves."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"My hon. Friend, Mr. Rameswara Rao, has not given sufficient weight to sub-section (1) of section 9 where sufficient time is given to each creditor to state his case and produce his documents. If further time is wanted, the board is empowered to give it also. It is only in cases where he had to prove his debt by filing documents, if he does not produce all the documents before the board, he cannot produce them in a civil court."

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* Mr. T. C. SRINIVASA AYYANGAR:—"In view of what was mentioned by the previous speakers, may I seek information on this point either from the Hon. the Leader of the House or the learned author of the Bill? I want to know whether 'any suit' contemplated in sub-clause (3) refers to any suit for the recovery of the debt or any suit in which the question relating to the debt may be a collateral issue. Secondly, I want to know whether 'any document' means the document which vouches the debt or any other document which may along with other pieces of evidence prove the debt. As this clause will affect the fundamental principles of the provisions of the Evidence Act by creating a penalty it is much better that the matter is cleared both in sub-clause (3) and in the proviso."

The Hon. Sir K. V. REDDI NAYUDU:—"I think there is a great deal of force in the argument of Mr. T. C. Srinivasa Ayyangar. 'Any suit' might mean any other suit which has nothing to do with the debt at all. It may be an inheritance suit and this document may be a collateral evidence in that suit. I think that the addition of the words 'for the recovery of the debt' might make the meaning clear."

Mr. T. C. SRINIVASA AYYANGAR:—"I think we may postpone the reconsideration of this matter till after lunch."

The Hon. Sir K. V. REDDI NAYUDU:—"I think it will be better."

* The Hon. the PRESIDENT:—"I think the House is agreed upon taking this amendment after lunch."

The House signified its assent and the amendment was accordingly postponed.

Clause 10.

The Hon. Sir K. V. REDDI NAYUDU:—"Mr. President, Sir, I beg to move the following amendment:—

1. *In sub-clause (2)—*

"(a) *In line 2, for the word 'quantum,' substitute the words 'the amount';*

(b) *In line 4, for the words 'as is adduced,' substitute the words 'as may be adduced'."*

"It is purely a matter of drafting."

Mr. P. V. KRISHNAYYA CHOUDARI:—"I second it."

The amendment was put and carried. ✓✓

The Hon. Sir K. V. REDDI NAYUDU:—"Mr. President, Sir, I beg to move—

1. *'that in sub-clause (3) before the words "the assets and liabilities" the word "of" be inserted'."*

Mr. P. V. KRISHNAYYA CHOUDARI:—"I second it."

The amendment was put and carried.

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Clause 10 as amended was put and carried.

Clause 11 was put and carried.

Clause 12.

Mr. K. KOTI REDDI:—"I beg to move that for clause 12 the following clause be substituted:—

'12. *If the creditors to whom not less than 70 per cent of the total amount of the debtor's debts are owing come to an amicable agreement with the debtor, the Board shall pass such order as it thinks fit, regarding the terms on which the remaining debts of the debtor shall be settled; such agreement and order shall be reduced to writing in the form of a settlement recording the amounts payable to such creditors, and the manner in which and the assets on which and the times at which they are to be paid; provided that when a secured creditor does not agree to the settlement, such shall not affect his rights to proceed against the secured property provided the Court is at liberty to disallow the plaintiff any costs in such suit, and the interest on the secured debt accruing after the date of such settlement where the Court considers the offer made by the debtor is fair'."*

"Sir, I may just explain the scope of the amendment, that I have moved. I feel Sir, that the provision contained in the original Bill and in the Bill as amended by the Select Committee is not satisfactory and it does not serve the purpose for which it is intended. The Special Officer to whom this question of indebtedness was referred has produced a fairly good report, after devoting sufficient time and energy; only the remedies suggested by him, do not seem to be very satisfactory. I am not going to deal with the report on any elaborate scale. But I would like to point out one or two things to which reference has been made. At page 49 he says: 'No doubt the present position of the agriculturist debtor is alarming and his great burden of debt has to be speedily lifted from his shoulders.' It is a pity that ryots have to pay to the creditors to the extent of nearly Rs. 200 crores. It is pointed out by the Special Officer that only 18 per cent of the middle class ryots are free from debt. It means that the majority of the ryots in this Presidency are indebted. If the Government is really serious and sincere about its declarations that it wants to relieve the ryots of their heavy burden, the provisions that are embodied in the Bill are not satisfactory. With that end in view, I have moved this amendment which I hope the House will accept; it would certainly be useful in relieving indebtedness in the Presidency. What I have stated is this; if a certain percentage of debtors—I have put the percentage fairly high—70 per cent—come to an amicable settlement, the rest of the 30 per cent have to be compelled to follow the suggestions that are made by the Board for the discharge of their dues. I have made sufficient provision to secure the rights of secured debtors. I have stated

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that in case the offer made by the debtor to the secured creditor is fair, when the matter goes to the court, the creditor will not get the cost of the suit and interest on the debt accruing after the date when the offer was made. When 70 per cent of the creditors come to a sort of agreement, if any of the other creditors does not agree and if the matter goes to the court, the Board is empowered with certain powers for discharging the debts. I have laid down certain rules for the guidance of the board in coming to a settlement of the debts. If these rules are followed, I think there would not be any hardship at all either to the creditor or debtor. On account of the extraordinary heavy fall in the price of agricultural products, I want to make it possible for the debtor and the creditor to come to settlement according to definite lines. I have stated that the board should take into account the economic value of the rupee. The Special Officer himself says that the value of the rupee has been doubled. I have laid down the guiding principle that ought to be taken into account when coming to an agreement on the amount of debt due to the creditor. This point is explained in amendment No. 40 which I have given notice of. Since there has been heavy fall in the price of foodstuffs, if the present economic value of the rupee is taken into account, there will be no reason for the creditor to feel aggrieved, because he will get his real value according to the present conditions. If a person had lent Rs. 100, four or five years ago, there will be no hardship to him now if he is paid Rs. 70 or Rs. 80. The value of Rs. 120 lent four years ago, will be equivalent to Rs. 60 at the present moment. In amendment No. 42 I have stated how the whole matter is to be settled. If a large percentage of creditors agree to a settlement and if some others do not agree, I have stated how the matter should be decided. If some of them are willing to agree, I have stated the debt can be discharged to them in instalments and at the rate of 6 per cent per annum. I am of the opinion that the Madras Government should take steps similar to those taken by some Indian States, like that of Bawnagar. Of course the Special Officer has stated that land mortgage banks and co-operative societies should take up this work. If either of them is unable to do so, I think it is the bounden duty of the Government to see that the heavy indebtedness of the ryot is relieved, in order to set him free and to enable him to start afresh to cultivate his land without any fear that the income he will get from the land will be taken away by the creditor. It is absolutely necessary that the indebtedness of the ryot should be relieved and he must be made to feel that he is no longer under the clutches of the sowcar; the Government alone can do this and set him right.

“ With regard to compulsion, what I say is this; if 70 per cent of the creditors come to an agreement with regard to the instalments, to the amount that is due, with regard to the manner in which the payment is to be made, then the rest of 30 per cent should be compelled to accept the proposals made by the majority of the creditors. With regard to the secured debtor, I have exempted him. If he does not

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agree to this settlement, because he has got security. I am of opinion that he may go to court, but he should not be given the cost of the suit or the interest due from the date of the settlement."

Mr. A. RANGANATHA MUDALIYAR:—"I second the amendment."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Sir, I am sorry to say that this amendment takes away the real object of the measure itself and that in two ways. The idea is if the creditors and the debtors come together and if a sufficient number of them come to an agreement, at least to that extent, the debts can be settled. I provided that if 50 per cent of the creditors come to an agreement, the order may be passed. The opinion of the Select Committee was that 50 per cent was too high a figure and that it ought to be reduced to 40 per cent. What my hon. Friend wants to do is to increase it to 70 per cent. It will be an impossible task. The very object of the Bill will be frustrated by increasing the percentage.

"My second objection is this; the whole basis of the Bill is to arrive at some amicable settlement among the parties. No doubt, philosophically speaking, agreement between two people will be reached either in a friendly way or owing to some sort of pressure that may invisibly be exercised on people to make them to come to some arrangement. Apart from that, there is no sort of compulsion. The idea is both the creditor and the debtor should agree; the Board itself gives its services for bringing the creditor and the debtor together and persuading them to come to an arrangement. Now, my hon. Friend, Mr. Koti Reddi, wants not only that the arrangement that is come to should be recorded but also there should be an order by the Board so far as the people not agreeing are concerned. In this way the Board is converted into a court. That is not the object of the Bill. There is already a place in which the procedure suggested by my hon. Friend is followed, namely, the Provincial Insolvency Court. They have already got jurisdiction in such a matter. The procedure suggested by my hon. Friend is more or less the same as is followed in the Insolvency Court. If persons to whom three-fourths of the amount is due come to a settlement, the forum in such a case will be the Provincial Insolvency Court, which has got jurisdiction in such a case. It is therefore not necessary to prescribe the same procedure in this Bill also. The House will have to recognize that section 12 is the operative section of the Bill. The Bill stands or falls with section 12. If we substitute the amendment that is moved, in place of the present provision in the Bill, we will be merely enacting a Provincial Insolvency Act which would probably be administered in a worse way than at present, because we have paid officers of the Government of the rank of Sub-Judges to do this duty now. It is unnecessary to bring into existence this kind of duplicate machinery. For these reasons I oppose the amendment."

* The Hon. the PRESIDENT:—"Mr. Krishnayya Choudari may move his amendment also."

12-45
p.m.

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Mr. P. V. KRISHNAYYA CHOUDARI:—"Sir, I move the following amendment: . . ."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"I think, Sir, this amendment may perhaps be disposed of first. This is substituting a new clause for the whole clause 12, whereas Mr. Choudari's amendment introduces a supplementary sub-clause. The two amendments are quite different."

Mr. P. V. KRISHNAYYA CHOUDARI:—"I feel, Sir, there is not much difference between the clause as proposed in Mr. Koti Reddi's amendment and the one introduced by my amendment."

The Hon. Sir K. V. REDDI NAYUDU:—"Mr. President, Sir, I also must oppose this amendment, and that strenuously. The reasons have been given by my Friend, Mr. Ramalingam Chettiyar. The main objections are two; one is that the amendment is directly contradictory of the very basis on which this Bill has proceeded; and secondly by increasing the number of those that come to an agreement, an element of compulsion is introduced. You will notice, Sir, from the wording of the clause, that if 70 per cent of the people agree, the agreement automatically becomes binding, not only so far as the agreeing parties are concerned but also as regards the remaining 30 per cent of the creditors who do not agree; they too are roped in. That is an impossibility because the element of compulsion is there."

"Then again, how does it protect people against frauds? It is very easy for any creditor to bring into existence promissory notes of a value of even Rs. 70,000, whereas an honest man who has parted with his money which is not 30 per cent—but comes to, say about 10 per cent of the debts—his promissory note will be on the same footing as the promissory notes forming the 70 per cent, many of which may be bogus and brought into existence only for the purpose of making up the 70 per cent. This will lead to any amount of fraud. This point has therefore to be taken into account."

"As regards the mortgagee, I do not mind if the mortgagee does or does not agree to a compromise which is fair—it is another matter, which is not important for this purpose. There may perhaps be a sort of relief shown to the mortgagees, but that question will be considered separately under the clauses that have been left over to be considered afterwards. But the main objection, as I said, is that the amendment is entirely antagonistic to the spirit with which this Bill has been brought forward and the basis on which it has been drafted. I oppose the amendment."

Mr. K. KOTI REDDI:—"Mr. President, I remain unconvinced by the arguments either of the Hon. Law Member or of the mover of the Bill. If, as I believe, it is the intention of this Bill to relieve indebtedness in this province, where 82 per cent of the people are heavily indebted—that is the statement of the special officer—unless some amount of compulsion is introduced, this Bill will be a dead letter and I do not think any good will come out of it. In order to

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bring in this element of compulsion, I have specially put in that as many as 70 per cent of the creditors should come to an agreement. If 70 per cent come to an agreement, I do not see why the other 30 per cent of the people should not be compelled to follow almost the same procedure or settlement that may be come to.

"With regard to the question of frauds, I do not know if the Hon. Law Member has forgotten the whole law about these things. Such frauds happen even to-day, in the insolvency courts; they may also happen in regard to the boards to be constituted under this Bill. Whether the percentage is going to be 30, 40, 50 or 60, under one or other of these amendments, the question is still there, and I don't think frauds can come in only if you fix 70 per cent.

"As regards the observation that this amendment goes entirely antagonistic to the spirit of the Bill, no doubt in the preamble it is stated that the Bill aims at an amicable settlement between the creditor and the debtor, but quite a fair amount of compulsion is already there. For instance, what is the difference between the original Bill and that as amended by the Select Committee? The one says 50 per cent, while the other says 40 per cent. The Law Member's amendment is for 60 per cent, and when that is carried—I hope it will be carried—this element of compulsion will still be there, because under the provisions of the Bill now, unless all the 60 per cent of the creditors are satisfied out of the assets, the other people cannot go against them. I do not think, Sir, even you can rule me out of order on this ground, because even now there is the element of compulsion in the Bill, and I only seek to raise the percentage by my amendment.

"As I said, Sir, my purpose in moving this amendment and also the other amendments which I have given notice of, is to have a comprehensive scheme of settlement of all indebtedness in this province. If a large number of people come to some sort of settlement, you can accept it because it is voluntary; but if anybody does not agree to such agreement, then my amendment comes in. If my amendment is carried, this board will be given powers to settle debts, not arbitrarily, but on certain well-known principles which this Council considers fair and proper. Having regard to the fact that the price of land and of agricultural products has gone down heavily, I don't think there can be any injustice here. The Government must, in such extraordinary situations, come to the relief of the poor people. Other Governments in other countries have done it; why not this Government do the same? Other Governments have tried to give some relief, whenever such situations arose, on account of inflation of currency or some such thing, by seeing to it that the prices were kept at a certain level. This is the only possible way of meeting such a situation; and this Government have not done anything so far in that respect. So, Sir, if the Government cannot come forward now and show their sympathy by relieving the indebtedness of the ryot, I do not know what else they are going to do. My amendment is quite fair and just, and I hope the House will carry it."

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* The Hon. the PRESIDENT:—"I think the House is ready for a vote. The question is:

'For clause 12, substitute the following:—

"12. If the creditors to whom not less than 70 per cent of the total amount of the debtor's debts are owing come to an amicable agreement with the debtor, the Board shall pass such order as it thinks fit, regarding the terms on which the remaining debts of the debtor shall be settled; such agreement and order shall be reduced to writing in the form of a settlement recording the amounts payable to such creditors, and the manner in which and the assets on which and the times at which they are to be paid; provided that when a secured creditor does not agree to the settlement, such shall not affect his rights to proceed against the secured property provided the Court is at liberty to disallow the plaintiff any costs in such suit, and the interest on the secured debt accruing after the date of such settlement where the Court considers the offer made by the debtor is fair " " "

The amendment was put and lost. ✕

Mr. P. V. KRISHNAYYA CHOUDARI:—"Mr. President, Sir, I move—

'Insert the following as new sub-clause 12 (1) and re-number the remaining sub-clauses:—

"(1) *If the creditors to whom not less than 60 per cent of the total amount of the debtor's debts are owing come to an amicable settlement with the debtor, such settlement shall be forthwith reduced to writing in the form of an agreement, recording the amounts payable to such creditors and the manner in which and the assets from which and the times at which they are to be paid. Such agreement shall be binding on all the creditors of the debtor, inclusive of those who have not joined in the agreement, and the amounts due to such creditors shall be calculated on the same principles as those which were applied to the creditors who did join in the agreement " " "*

"Mr. President, this amendment is entirely different from the one which we have just thrown out; it only seeks to introduce a new sub-clause under clause 12, as amended by the Select Committee. This provision is already contained in the Bengal Act. When once 60 per cent of the creditors accept a settlement of their debts, the remaining 40 per cent also must accept the arrangement, so that the debtor may be relieved as quickly as possible. I have no objection to its being enforced in cases in which the Board considers such compulsion equitable.

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“ This Bill will come into operation only in cases where the debtor goes to the Board saying that he is unable to discharge his debts. If, however, in the normal course he thinks he can discharge the debts, he need not go before the Conciliation Board at all. Although such a debtor may not exactly come under the Insolvency Act, yet, it is only when he reaches the stage of insolvency and says that he is not able to discharge his debts that he comes before the Board. Therefore, although we do not call him an insolvent, the fact is there that he is more or less an insolvent. Even under the Insolvency Act, I think if 75 per cent of the creditors accept a settlement, the rest should agree to abide by it. Only, in that case, the matter is settled by one individual called the Official Receiver; while, under this Bill, the Board which consists of three members, may exercise their influence in making them accept a settlement. The Official Receiver is generally an autocrat and may decide favourably in regard to particular loans and invalidate others. So, much benefit is not derived by the creditors if they go and make representations to the Official Receiver. That is why, Sir, I say people may choose to go to this Board. My amendment is a very reasonable one and I hope it will be accepted.”

* Mr. G. R. PREMAYYA :—“ Mr. President, Sir, I second this amend- 1 p.m.
ment. In doing so, I want to say a few words. The hon. the Mover of the amendment called this amendment a reasonable amendment, but I would call it a wise amendment. My hon. Friend, Mr. Krishnayya Choudari, usually does not leave anything for the seconder to say but threshes out questions very well. Now, Sir, in the Select Committee the figure 40 was accepted. But that figure is now found to be too low, and my hon. Friend, Mr. Koti Reddi, suggested 70 per cent and it was voted down just now; now my hon. Friend, Mr. Krishnayya Choudari, suggests that 60 per cent should be the figure. This being a reasonable figure, I hope that neither the Mover of the Bill nor the Member in charge would have any difficulty in accepting this amendment. With these few words, I second the amendment.”

* Mr. T. C. SRINIVASA AYYANGAR :—“ Mr. President, Sir, it is worth noting that there is a fundamental difference between the amendment which we have just now disposed of and the amendment which is now before the House. The amendment moved by my hon. Friend, Mr. Koti Reddi, wanted to substitute a clause in the place of clause 12 which is a substantial provision in the Bill, by introducing an element of compulsion. That was making the Bill, in effect, a supplementary Bankruptcy Bill minus some of the provisions of the Bankruptcy Act. This amendment, on the other hand, seeks to add to the provisions contained in clause 12. The existing sub-clause (1) proceeds on the basis of a voluntary agreement between the debtor and the creditors having a certain percentage of the total amount of the debts which agreement, when considered equitable by the Board, shall be reduced to writing and after going through the procedure which is mentioned in the other clauses, be binding upon those who are parties to that agreement. Now, Mr. Krishnayya Choudari's amendment creates two new points. One is, it creates compulsion. That is, if the creditors having

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60 per cent of the debts agree to a settlement, then the creditors having the other 40 per cent of the debts who do not agree, shall be compellable to accept the settlement. In addition, it also does away with the provision that the Conciliation Board must agree to it and consider it equitable. So, whether the Conciliation Board considers it equitable or not and whether the other creditors owning the 40 per cent of the debts agree or not, when the 60 per cent agree, it shall *eo instante* be reduced to the form of an agreement and all the creditors owning the 100 per cent of the debts shall be bound thereby. Now, two questions arise, namely, whether by the introduction of such a principle of compulsion the main principle of the Bill would not be so radically altered and whether we are not passing another parallel Act to the Provincial Insolvency Act. That will be one question. Assuming that an element of compulsion is necessary, under what circumstances we are to introduce it? Are we to do away with the jurisdiction of this Conciliation Board, and their consideration whether this agreement between the creditors owning the 60 per cent of the debts and the debtor shall, by the very force of that agreement and without an addition of a judgment by the Conciliation Board, be binding upon other persons who do not agree with it. Can you agree to that? When the element of compulsion is sought to be introduced, the intervention of a judicial body will always be necessary so that the interests of the other people who have objections thereto may be considered by a disinterested body, and the settlement may be forced on the unwilling party. If Mr. Krishnayya Choudari would be willing to allow the safeguard of judicial consideration by the Conciliation Board, one difficulty will disappear. Then there is the other item, namely, whether there is not a compulsion, even though after a judgment, and whether the Bill can be called a Conciliation Bill? A civil court or other judicial bodies by virtue of the powers which Government have given them are able to pronounce a binding judgment—whether people are agreeable to it or not. This Bill creates boards for conciliation. These are all very important circumstances to be taken into consideration.

“Then, Sir, there is another matter. Even in respect of the existing sub-clause, the other amendments which follow are not satisfied with 40 per cent, but they want 60 per cent, while there is no element of compulsion and while the need for the judgment of the board about the equitable character of the arrangement exists. I desire very much that the House is enlightened upon this aspect of the question, or rather I should say, upon this very material aspect of the matter, by the Hon. the Law Member and the hon. the Mover of the Bill.”

MR. G. RAMESWARA RAO:—“Sir, in the light of the observations made by my hon. and learned Friend, Mr. Srinivasa Ayyangar, I move that—

‘In Mr. Krishnayya Choudari’s amendment, before the second sentence the following words be inserted:—

“If the Board considers the agreement reasonable and equitable”’.

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As amended, the sentence will run thus:

'If the Board considers the agreement reasonable and equitable, such agreement shall be binding on all the creditors of the debtor, inclusive of those who have not joined in the agreement . . . in the agreement.'

The amendment was duly seconded.

Mr. P. V. KRISHNAYYA CHOUDARI:—"Sir, I have no objection to the inclusion of the words at the beginning of the second sentence of my amendment, as suggested by my hon. Friend, Mr. Rameswara Rao."

* Rao Bahadur Sir A. P. PATRO:—"Sir, I hope the hon. Member, Mr. Krishnayya Choudari, who is so enthusiastic in supporting the principles of this Bill, would not press this amendment for this reason that it cuts across the fundamental principles of this Conciliation Bill. If he understands that it is a Bill for the purpose of bringing the debtor and the creditor together, conciliating between them so that a compromise might be effected between them; and if they do not accept the compromise to introduce a system of compulsion by which a certain people should be compelled is a principle not conceived of in this Bill. Sir, if the principle of compulsion was first introduced in the Bill, we would not have allowed this Bill to go to a Select Committee. Therefore, I think, on this ground, the hon. Member will reconsider his position. I think that this being opposed to the fundamental principles of the Bill, his amendment cannot be accepted.

"Then, Sir, there is another point which my hon. Friend said, namely, when so many people agree and some cantankerous people do not come to terms, what is the provision made in the Bill in order to bring such people round. But, he forgets in his enthusiasm to consider what happens in an insolvency case. It is easy for an influential debtor to create so many debts in order to make it up to 50 or 60 per cent; and are the real creditors to suffer for the sake of a bogus transaction which the debtor is able to bring about? It is the experience of lawyers in insolvency courts, how a debtor is able to manipulate and bring about a large number of creditors which practically swallows the bulk of his property so that only very little will be left to the real creditor. On this ground also, I oppose this amendment.

"My third objection is that in other provinces also, this Conciliation Board is intended to be made a sort of arbitration court. There, the Board has not got all the powers of a court under the Civil Procedure Code, but for certain purposes powers are vested in the Board, but nevertheless they are considered to be courts according to the Civil Procedure Code. Then, Sir, these summary boards are intended for the purpose of disposing of in a summary manner cases of this sort and it is better that the creditor and the debtor are brought together and the decision that is come to by the Board is given effect to. Otherwise it will mean the taking away of the real principle of arbitration. Even according to section 12 of the Central Provinces Act, there is a provision to the effect that where you find 40 per cent of the people

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agree, it is possible for the Board to intervene. Section 12 of the Central Provinces Act says:

'If the creditors to whom not less than 40 per cent of the total amount of the debtor's debts are owing come to an amicable settlement with the debtor, such settlement shall forthwith be reduced to writing in the form of an agreement recording the amounts payable to such creditors and the manner in which and the times at which they are to be paid'

Therefore, what is proposed in this Bill or what is intended in the matter of legislation for conciliation is an amicable settlement between the debtor and the creditor. Of course, it is true that the creditor knows that he will not be able to realize his full amount from the debtor. So, the best thing that can be done in order that both the creditor and debtor might come to some understanding is to create a Conciliation Board and not to create it for the purpose of introducing compulsion which could be enforced. After all, what is the sanction behind this enforcement. Are these decisions of the Board to be treated as decrees of civil courts and execution proceedings taken in accordance with the Civil Procedure Code? That is a point which the hon. the Mover of the amendment has altogether omitted. There is also this further complication in the case of secured creditors if compulsion is introduced. Therefore, it will be opposed to the principle of the Bill, wherein it is stated if secured creditors do not agree to the proposal, they will have their own remedies in civil courts. If they think there is any unreasonableness in accepting the decision of the Board, it will be open to them to charge 6 per cent interest. It therefore seems to me to be wrong in principle to introduce this principle of compulsion. Similarly in the Punjab Act, no provision for compulsion is found. The Board should be free to act as an arbitrator between both the creditor and the debtor in order to come to a reasonable understanding in the matter. Nowhere is there any legislation which provides for compulsion, as it would mean cutting across the principle of the Bill. On this ground also I think it would be wrong to accept the amendment. I therefore oppose this amendment."

1-15
p.m.

* Mr. C. BASU DEV:—"I am unable to give my support to the amendment moved by my hon. Friend, Mr. P. V. Krishnayya Choudari. The clause as it stands serves the purpose. I feel sure that in the existing clause itself there is the necessary amount of compulsion. If hon. Members refer to clause 15, sub-clause (3), they will find this element of compulsion though in an indirect way convinced. With your permission, Sir, I will read it:

'Where after the registration of an agreement under sub-section (2) of section 12, any unsecured creditor sues for the recovery of a debt, other than a debt incurred subsequent to such agreement in respect of which a certificate has been granted under sub-section (1) or any creditor sues for the recovery of a debt incurred after the date of such agreement any decree passed in such suit shall, notwithstanding anything contained in the Code of Civil Procedure, 1908, not be executed until all amounts recorded as payable under such agreement have been paid.'

This provision restrains a unsecured dissenting creditor from executing the decree he may obtain against the debtor after the registration of an agreement until all amounts recorded as payable under such

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agreement have been paid. This is pure and simple compulsion though expressed indirectly and is as binding upon the dissenting creditor as upon the consenting creditor. In increasing the percentage of creditors from 40 to 60 per cent for settlement, Sir, my hon. Friend, Mr. P. V. Krishnayya Choudari, is only suggesting a more reactionary amendment and certainly not an improvement on the provision contained in the Bill."

The Hon. Sir K. V. REDDI NAYUDU :—" Mr. President, Sir, I feel bound to oppose this amendment. I shall briefly examine my hon. Friend Mr. P. V. Krishnayya Choudari's arguments and the arguments advanced on both sides of the House. In the first place here is a direct element of compulsion which is inconsistent with the principles of the Bill. Moreover conciliation and compulsion cannot go hand in hand especially in a statute. That is my chief objection. Now, Sir, my hon. Friend, Mr. Krishnayya Choudari, referred to a similar provision in the Bengal Bill. In the first place, Sir, I think it is very unreasonable to cite as an authority the Bengal Bill for various reasons. It is only a Bill. We do not know what amendments will be forthcoming in the Bengal Council or in the Select Committee and it is doubtful whether Bengal Council will accept it or not. Therefore it is incorrect to quote the provisions of the Bengal Bill. Moreover, the scheme of the Bengal Bill is quite different from that of the present Bill. For instance, the Bengal Bill creates a board and a commissioner. The commission has to permit this board to take action under the sections of the Bill. For instance, the provision which is referred to by my hon. Friend, Mr. P. V. Krishnayya Choudari, is clause 19 of the Bill. Under that clause the Board is authorized to have jurisdiction over that matter. If the commissioner refuses that sanction, the Board will have no power to act under clause 19 of that Act. We have no commissioner here. To rely upon that provision which is liable to change and to cite it as an authority for us passes my comprehension. Then, Sir, my hon. Friend, Mr. P. V. Krishnayya Choudari, in the amendment before us has included debts incurred under mortgages. It is bound to lead to complications. Section 15 of our Bill does effectuate some sort of compulsion. When the principle under that section is accepted, where is the fear about compulsion? It is only a compulsion of a voluntary nature. When this new provision under discussion came up before the Select Committee the Chairman of the Committee had ruled that the sort of compulsion intended by my hon. Friend, Mr. P. V. Krishnayya Choudari, was naturally different from that which was contemplated in the Bill. This is what the Chairman said :

'He drew the attention of the Select Committee to the relevant portions of Mr. Ramalingam Chettiyar's speech at the second reading stage wherein he had stated that the Bill was of a voluntary nature. He stated that though there might be a certain element of indirect compulsion in the Bill, it did not contemplate any direct compulsion. He further stated that the Bill, the principles of which were approved by the Legislative Council, was mainly voluntary in nature and held that the amendment which sought to introduce direct compulsion was beyond the scope of the Bill and hence ruled it out of order.' "

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Mr. P. V. KRISHNAYYA CHOUDARI:—"Mr. President, Sir, I rise to a point of order. It is the Chairman of the Select Committee that has ruled it out of order. As long as the Hon. the President is pleased to permit me, I do not see any reason why that ruling should be cited here."

* The Hon. the PRESIDENT:—"There is no point of order."

The Hon. Sir K. V. REDDI NAYUDU:—"I may point it to the House that there is a difference between the so-called indirect compulsion in clause 15 and the direct compulsion contemplated under this amendment. The clause before the House which is moved by my hon. Friend, Mr. P. V. Krishnayya Choudari, goes far beyond the scope of the Bill. It makes the settlement compulsory in all respects. There is a world of difference between the two. I therefore feel that it is impossible to accept it."

Mr. P. V. KRISHNAYYA CHOUDARI:—"Mr. President, Sir, the first question the Hon. Member has said is that it is only a Bengal Bill and so you cannot give any value. My answer to that objection is this. The Bengal Bill was not introduced by a non-official member like our hon. Friend Diwan Bahadur T. A. Ramalingam Chettiyar, but on the other hand it is introduced by the Executive Councillor. But nevertheless this Government has taken the privilege to pass this measure in spite of certain objectionable features in the Bill. So, I leave it to the House and I am not anxious to press my amendment."

1-30
P.m.

"The creditors need not go to the court and pay the amounts as court-fees for the realization of their money. Thereby, there will be a loss in the revenue we get from that source. If a certain amount of compulsion is not introduced in this Bill, I am afraid, Sir, this Bill will not confer any benefit on the debtor but on the other hand will help the creditor. I am not anxious to support any measure like this which supports the creditors especially when you are to lose some revenue under stamps and court-fees. I therefore press my amendment."

The amendment was put and carried. ✓

The amendment of Mr. Krishnayya Choudari, as amended, was put and declared lost. A poll being demanded, the House divided thus:

Ayes.

- | | |
|------------------------------------|---------------------------------|
| 1 Sriraman M. G. Patnaik Mahasayo. | 7 Rai Sahib C. Kolanda Reddi. |
| 2 Mr. K. Pattabhiramayya. | 8 Mr. K. Koti Reddi. |
| 3 " C. Indrayya. | 9 " P. V. Krishnayya Choudari. |
| 4 " G. Sriramulu. | 10 Diwan Bahadur M. Gopalaswami |
| 5 " M. B. Rangaswami Reddi. | Mudaliyar. |
| 6 " G. R. Premayya. | 11 Mr. Mahboob Ali Baig. |

Noes.

- | | |
|-------------------------------------|-----------------------------|
| 1 The Hon. Sir K. V. Reddi Nayudu. | 4 The Hon. Diwan Bahadur S. |
| 2 " Rao Bahadur A. T. Pannirselvam. | Kumaraswami Reddi- |
| 3 " Mr. C. A. Souter. | yar. |
| | 5 " Mr. P. T. Rajan. |

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Noes—cont.

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| 6 Diwan Bahadur C. Natesa Mudaliyar. | 31 Rao Sahib C. Jayaram Nayudu. |
| 7 Mrs. K. Alamelumangathayaramma. | 32 " D. V. Narasimhaswami. |
| 8 Mr. W. Scott Brown. | 33 " Pandit Ganala Ramamurti. |
| 9 " H. R. Uzielli. | 34 Mr. K. Kesavaramamurti Nayudu. |
| 10 " C. E. Jones. | 35 Diwan Bahadur T. A. Ramalingam Chettiyar. |
| 11 " G. T. Boag. | 36 Mr. T. C. Srinivasa Ayyangar. |
| 12 " R. Madanagopal Nayudu. | 37 " Abdul Hameed Khan. |
| 13 " T. B. Russell. | 38 " V. T. Arasu. |
| 14 " T. Sundara Rao Nayudu. | 39 B. Pocker Sahib Bahadur. |
| 15 Khan Sahib Syed Tajuddin Sahib Bahadur. | 40 Rao Bahadur P. C. Muthu Chettiyar. |
| 16 Mr. R. M. Palat. | 41 Mr. Ahmed Meeran. |
| 17 " I. C. Iswaran Pillai. | 42 " K. A. Nachiyappa Gounder. |
| 18 Rao Bahadur R. Srinivasan. | 43 " M. A. Muthiah Chettiyar. |
| 19 Mr. W. K. M. Langley. | 44 " M. S. Sreshta. |
| 20 The Raja of Parlakimedi. | 45 " K. M. Duraiswami Reddiyar. |
| 21 The Zamindar of Kirlampudi. | 46 " J. A. Davis. |
| 22 Mr. P. C. Moses. | 47 Rao Sahib V. I. Muniswami Pillai. |
| 23 " P. V. Rajagopal Pillai. | 48 Mr. T. Narasa Reddi. |
| 24 " V. G. Vasudeva Pillai. | 49 " H. M. Jagannatham. |
| 25 Rao Sahib V. Dharmalingam Pillai. | 50 Subadar-Major S. A. Nanjappa Bahadur. |
| 26 Rao Bahadur D. Krishnamurti. | 51 Mr. V. P. Narayanan Nambiyar. |
| 27 Sir A. P. Patro. | 52 " C. Basu Dev. |
| 28 The Zamindar of Bodinayakkanur. | 53 " K. P. Raman Menon. |
| 29 Khan Bahadur T. M. Moidoo Sahib Bahadur. | 54 " P. M. Thangal. |
| 30 Mr. M. Vedachala Mudaliyar. | |

Neutral.

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| 1 Mr. M. Devadasan. | 5 Mr. Basheer Ahmed Sayeed. |
| 2 " P. K. Ramachandra Padayachi. | 6 " M. A. Manikkavelu Nayakar. |
| 3 " G. Simhachalam Pantulu. | 7 " G. Rameswara Rao. |
| 4 " Yakub Hasan. | 8 Mrs. A. Rukmani Lakshmiopathi. |

Ayes 11. Noes 54. Neutral 8.

The motion was lost.

The House adjourned for lunch.

After Lunch (2-30 p.m.)

The discussion on clause 9 which had been adjourned was resumed.

Clause 9.

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"So far as clause 9 is concerned, this is all the amendment that will be necessary, Sir—

'In sub-clause (3), add at the end the following words: "for the recovery of the debt"; and in the proviso after the word "board," insert the words "or the court," and at the end of the proviso, add the following words: "in any proceeding pending before it".'

Mr. G. RAMESWARA RAO:—"I second it."

The amendment was put and carried.

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Mr. G. Rameswara Rao's amendment was by leave withdrawn.

Clause 9, as amended, was put and carried. ✓

Clause 12.

* Mr. M. DEVADASAN:—"I beg to move—

'In sub-clause (1), add the words "majority of" after "if" in line 1. Delete the words beginning from "to whom . . ." and ending with "owing".'

"I do not want to make a long speech considering the fact that two amendments which were taken up have failed. I am not sure whether my amendment would receive the same fate. In this case, Sir, it seems the adoption of forty per cent of the debt as the amount which is accepted by the creditors should be the principle on which the agreement should be based. It is an arbitrary principle. Mr. Ramalingam Chettiyar stated that he was in favour of fixing fifty per cent of debt on which an agreement should be made. In the Select Committee it was reduced to forty per cent. The members of this House are not unanimous on the subject of the principle of adopting any condition in coming to an agreement. In the amendment that follows mine, the Hon. Sir K. V. Reddi has given an amendment to have sixty per cent instead of forty. So, the House has not come to any definite principle on the quantum of debt. There is no reason why my amendment should not be accepted. I find, Sir, even among the creditors there are secured and unsecured ones. If they come to any understanding there is no reason why that understanding should not be proceeded upon by the conciliation board. Some of the speakers who preceded me said in the course of their speeches that this Bill seeks to introduce compulsion and such a thing should not be encouraged at all. In a legislation, Sir, certain amount of compulsion is necessary; otherwise any law will not have any effect. In this Bill we do not make any provision for compelling the other creditors to come to a term. The creditors would not come to any terms. If more than fifty per cent would come to an agreement, others would follow them. Again, Sir, my experience in boards and councils tells me that when a majority agreed to a settlement the minority has also to fall in line with them. The majority might have been actuated by considerations of their own. It is not necessary that all should have common interest. So, I ask the House, Sir, to consider this amendment and give their acceptance to the amendment. I do not want to say further. My Friend, Mr. Ramalingam Chettiyar, already stated that the whole Bill rests on clause 12. If clause 12 is altered in one way or the other it would defeat the object of his Bill. My amendment does not alter the Bill; and would not be injurious either to the creditor or the debtor. It might meet the views of all the Members of this House, since the majority of the creditors might own 40, 50, 60 or 70 per cent of the estate of the petitioner. So, I submit that this amendment should be accepted by the House."

Mr. M. B. RANGASWAMI REDDI:—"I second it."

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Mr. P. V. KRISHNAYYA CHOUDARI:—"I am sorry I have to oppose the amendment. He wanted to know the reason why we changed from fifty to forty. In the Select Committee I moved the amendment for a reduction to forty. I shall explain why I reduced it. It does not depend upon majority for acceptance because there is no element of compulsion in it. If forty per cent of the creditors are going to have an amicable settlement and the Board feels that it is a reasonable one they can allot forty per cent of the properties of the debtor to the forty per cent and discharge them and they will be eliminated from the operation of the other creditors. So there is no majority needed for this settlement. If forty per cent are reasonable and want to give release to the debtor and get out of the muddle why should we prevent them. There is no necessity for us to say that the majority should be there for even the settlement.

"Suppose one creditor comes and says: 'Please settle my accounts. I am prepared to take even 2 annas or 3 annas in the rupee.' So long as that settlement is not forced upon the rest of the creditors, I see no force in the argument of my hon. Friend, that the majority of the creditors should agree. This is exactly what we discussed in the Select Committee and came to the conclusion that forty per cent is sufficient. I appeal to the Hon. the Law Member to drop his amendment coming up later on to raise the figure to sixty per cent and to accept the Select Committee's decision."

2-45
p.m.

The Hon. Sir K. V. REDDI NAYUDU:—"I move—

'In sub-clause (1)—

- X (a) In line 2, for the words "forty per cent," substitute the words "sixty per cent."
- (b) In line 3, for the words "are owing," substitute the words "is owing."
- (c) In line 7, omit the word "and" occurring before the words "the assets from which."

"Sir, Mr. Devadasan's amendment is a logical one and I am only putting a definite figure. Mr. P. V. Krishnayya Choudari suggested: 'What is there in this, so long as it is not binding upon the others?' The point is this: Even though it is not binding in the strict sense of the word, there are still certain consequences which follow this percentage. Under section 15, as pointed out by Mr. Krishnayya Choudari, the distribution of the assets will follow a certain course, if forty people agree. Now what is the point in putting only forty except that the Central Provinces Bill contains forty? If my hon. Friend's argument is correct, it will come to this? Even twenty per cent would be enough. (Messrs. Krishnayya Choudari and Ramalingam Chettiyar: t 'Certainly. "Any creditor" is the expression used in the Bengal Bill.)

"Sir, I submit that my amendment is a reasonable one."

[9th November 1935]

Rao Bahadur Mr. P. C. MUTHU CHETTIYAR:—

“ஆனரபிள் லா மெம்பருடைய அமெண்டுமெண்டை ஆதரிக்கிறேன்.

“மெஜாரிட்டியினுடைய இஷ்டத்துக்கு மைனாரிட்டி உள்பட்டிருக்க வேண்டுமென்று எல்லாருக்கும் சரியே. உலகம் தெரிந்த விஷயம் அப்படியிருக்க மெஜாரிட்டியை மைனாரிட்டியினுடைய அபிப்பிராயத்துக்கு உள்பட்டிருக்க வேண்டுமென்பது கூடாதகாரியம். 100-க்கு 40 பெர்சண்டு என்று வைப்பது மெஜாரிட்டியை மைனாரிட்டிக்கு உள்படுத்தியதாக ஆகிறது. தலைகீழாக இருக்கிறது. அது சரியல்ல. லா மெம்பரவர்கள் சொல்லுகிறபடி 100-க்கு 60 பெர்சண்டு வைப்பது யாவருக்கும் ஆகேஷனை யிராது.”

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—“Sir, the Select Committee considered this question at great length and arrived at this figure. It may be remembered that in the Bill as introduced, I had put 50 per cent even though in the Central Provinces Act the figure was 40 per cent. There is no use going into the rights and wrongs of all these things again at the present moment. I would move, Sir, that, as the Hon. the Law Member only wanted that the figure should be more than 50 per cent—

‘for the words “not less than forty per cent” in lines 1 and 2 of sub-clause (1) the words “more than fifty per cent” be substituted.’”

The amendment was duly seconded.

Mr. K. KOTI REDDI:—“Mr. President, I feel that there is a lot of difficulty in this. Whatever percentage you may fix, it seems to me that this is a very dangerous and difficult provision to work. I shall give a specific example where this would work a great hardship. Supposing a debtor's property is valued at Rs. 5,000 and he has debts to the extent of Rs 10,000. Sixty per cent of the creditors agree to the settlement and the rest do not agree. The Board steps in and settles their claim leaving property worth Rs. 1,000 to the other creditors. This means that the creditors who agree get double in proportion to those that do not agree. If this is not compulsion, I do not know what it is. If the Board wants they can compel every creditor to come to a settlement by saying: Well, if you do not agree we are not going to allot any specific assets for you. We will give so much only and nothing more. What is there in this Bill to prevent the Board doing that? Is it not compulsion? Well, Sir, I do not object to that, provided you follow certain definite principles giving no discretion whatsoever to this Board. That is my point. I wanted to put matters right, but the Council was against it. Now, as it is, we have entirely to rely on this Board, and, from my experience of some officers, I do not know what all influences will be brought to bear upon them. Therefore I would be very reluctant to make a provision like this. If at least 60 or 70 per cent of the creditors agree to settlement, there is some justification in compelling the rest. But as it is, this is absolute compulsion and nothing more and nothing less. Under this provision every creditor can be compelled to come to an agreement. I hope the Hon. the Law Member will make some provisions by which this hardship can be mitigated.”

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The Hon. Sir K. V. REDDI NAYUDU:—" Mr. President, after hearing the remarks of my hon. Friend, Mr. Ramalingam Chettiyar, I am inclined to accept his amendment and withdraw item (a) in my amendment."

Item (a) of the amendment of the Hon. the Law Member was, by leave, withdrawn.

Mr. Devadasan, with the leave of the House, withdrew his amendment.

The amendment of Mr. Ramalingam Chettiyar to substitute for the words 'not less than forty per cent' in lines 1 and 2 of sub-clause (1), the words, 'more than fifty per cent,' was put and carried.

Items (b) and (c) of the amendment of the Hon. the Law Member were then put and carried.

Mr. G. RAMESWARA RAO:—" I move—

'At the end of paragraph 1 of sub-clause (1), add the following:—
"who have agreed to the amicable settlement."'

"The last sentence says:

'Such agreement if considered equitable by the Board shall be read out and explained to the parties concerned, and shall be signed or otherwise authenticated by the Board and the parties:'

"I only make the meaning clearer by adding the words 'who have agreed to the amicable settlement.'"

The amendment was duly seconded.

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—" I accept the amendment."

The amendment was put and carried.

* Rai Sahib C. KOLANDA REDDI:—" Sir, I beg to move—

'Delete the second proviso to sub-clause (1).'

Along with it, I must also move for the deletion of the definition of 'Secured Debt' in sub-clause (i) of clause 2. Then again I must move for the addition of the words 'or any lien or charge created by deed, statute or otherwise' to the definition of 'debt' after the word 'limitation.'

"There is also another amendment which I wish to move and which 3 p.m. reads as follows:—

'For the second proviso substitute the following:—

"Provided further that when a secured creditor does not agree to the settlement he shall be entitled to proceed against the secured property only to the extent calculated on the basis of the value of the said property on the date of the issue of loan."

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Explanation.—The value of the property referred to above may be determined by rules framed by the Local Government under this Act''.'''

“ Now, Sir, I shall explain how all these amendments go together. The hon. the Mover of the Bill did not make any distinction between a secured debt and unsecured debt when the Bill was introduced but when the Bill was passing through the Select Committee stage the Hon. the Law Member sought to make a distinction between secured and unsecured debts. Having done so, he has introduced the definition of ‘ secured debts ’ in sub-clause (i) of clause 2. As though it were not enough, he has introduced a proviso in clause 12 in which he has given a certain privilege to the secured creditor. I may submit that this Bill is useless as it has already been admitted by everybody. It is more or less an innocuous measure. As though it was not sufficient the Hon. the Law Member has rung the death-knell by making this distinction between a creditor and a creditor and between secured and unsecured debts. I say this distinction made by the Hon. the Law Member has rendered the Bill useless in this way: the Special Officer Mr. Sathianathan says that about 40 per cent of the debts are secured. That is with regard to the number. With regard to the amount in fact, every debt worth the name is secured or mortgage debt. If this Bill becomes an Act, it does not affect the interests of the secured creditor. Then what is the good of this Bill at all? It will not afford relief to the ryot in whose interest it has been introduced. Now a similar Bill was introduced in the Central Provinces and it has been passed into an Act and in that Act they seem to be more sympathetic than our enlightened Presidency in this way, viz., that they make no distinction between secured and an unsecured debt. But still the sky has not come down there. But the Hon. the Law Member is ultra particular about making a differentiation between secured and unsecured debts in this Bill and God knows where it will lead to. The Hon. the Law Member’s difficulty is that if we do not consider the secured debts as sacred, then we shall be transgressing the provisions of the Transfer of Property Act. In the Central Provinces they have transgressed that Act and what harm has been caused there? The Central Provinces is still going on as usual. Of course when we introduce a new measure, there cannot but be some clash between the provisions of the new measure and some of the old measures and that is why we always obtain the sanction of the Governor-General for introducing any new measure. Even without this distinction and even according to the original Bill there is some clash. I just ask hon. Members of this House whether the provisions of this Bill do not clash with the provisions of the Civil Procedure Code and with those of the Limitation Act. Now, Sir, according to the Bill, if any case is pending before the Conciliation Board, the ordinary Civil Court should not take cognizance of it; at least it must allow the thing to lie over. Again if any application is pending before the Conciliation Board, any Civil Court should not take into account the period of pendency before the Board for the purpose of limitation concerning that suit,

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and if the Conciliation Board gives any certificate and then if the creditor proceeds against the debtor in a Civil Court, he will not be allowed any costs even if he wins. I want to show by all these instances that this Bill, even without making any differentiation between secured and unsecured debts, does clash with the provisions of the previous Acts. So the reasons adduced by the Hon. the Law Member cannot be said to be tenable.

"I say, Sir, that this Bill is not only useless by the introduction of this distinction, but it is also dangerous and frustrates the very objects with which the Bill has been introduced. Do you not think that if the secured creditors are placed on a higher pedestal than the ordinary creditors, the latter will not come to any agreement for the fear that the secured creditors will carry away the major portion of the assets of the debtor? So I think the distinction made by the Hon. the Law Member is invidious and will not be of no good to the ordinary debtors. Hence I propose that the definition and also the proviso be dropped.

"Now, with regard to the proviso that I want to introduce in place of the second proviso, introduced by the Hon. the Law Member, if my amendment is not accepted, the other unsecured creditors may have no property to fall back upon. Of course if the other unsecured creditors do not come to an agreement with the secured creditors, the latter can proceed against the secured property only to the extent calculated on the basis of the value of the said property on the date of the issue of loan."

Mr. C. BASU DEV:—"I rise to a point of order, Sir. May I ask whether the amendments which the hon. Member is moving are not inconsistent with each other. He wants to safeguard the position of secured creditors in his second amendment and by his first amendment he does not want that their rights should be safeguarded. Are not the two amendments inconsistent with each other?"

* The Hon. the PRESIDENT:—"For the sake of convenience I thought that both the amendments might be moved and discussed together."

* Rai Sahib C. KOLANDA REDDI:—"Sir, the value of the land has fallen by 50 per cent or thereabout. When a property was mortgaged, while it was worth Rs. 1,000 then, now it is worth only Rs. 500, but at the same time the debt on that land has grown larger by the accumulation of interest. So the secured creditor must be entitled only to that portion of the property the value of which will be calculated on the basis of the value on the date of the issue of loan. With regard to the distinction made between 'secured' and 'unsecured' debts, although my Hon. Friend the Law Member is a ryot himself partially, he has not realized the deplorable position of the ryot at present and in fact when this Bill was introduced by common consent it was thought that it would afford some kind of relief to the ryot. But my Hon. Friend says that there will be a certain amount of compulsion if there is no agreement.

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And compulsion and agreement cannot go together. But I ask whether 'repression' and 'Reforms' can go together. But are they not? If Government want they will swallow a camel and if they do not want they strain at a gnat. If the Hon. the Law Member wants he can do away with the distinction that he wants to make between a secured debt and unsecured debt. If he insists upon such a distinction being made it will serve no useful purpose, because my experience is confined to Kistna district—only every debt worth the name there, is a mortgage debt excluding of course hand-loans, chit-loans and other small loans of that sort. Excluding these classes of loans which are but small, 90 per cent of the loans there are secured loans and the provisions of this Bill are not going to cover them. Of course such a provision may serve one person the Hon. the Law Member, and the usurer. The Bill is a capitalistic measure, and does not serve the poorer class of people. The mover of this Bill is a Chettiyar and as the name indicates generally the people think that he is a Komati sowcar and brought forward such a measure to help his castemen. But they do not know that he is as good a man as anybody else. They think that he has introduced this Bill in order to help his own caste men, because it seems to help more the creditor than debtor.

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"Of course we can have under clause 14 this application pending for twelve months. And then what becomes of it? It is dismissed. My hon. Friend will say there should not be any compulsion at all in these days of democracy, in the 20th century. But did not compulsion prevail in those days of grain famine and grain control? The ryots would not give up their grain at ordinary prices, but what did the Government do? They commandeered all the granaries of the ryots, practically broke open the granaries and distributed the grain as though it was all their own, to people who were not ryots, at nominal prices. Of course the ryot did not resist it then for the reason that he thought then and rightly so, that the Government as Government had every right to protect the people from famine. Now the ryot says, 'I (the ryot) am in the same position as other people were in 1918 to 1922, the control days when the Government came to the rescue of other people than I at my expense. I ask: what is the Government doing for me too? Is it not their bounden duty to help me now that I am crushed by the monster of economic depression and I am down and out?' The Government sleeps complacently, or dozing like lotus-eaters. It has been repeated times without number that in this agricultural country the ryot alone is the foundation, the basis and the backbone of the whole society as well as the Government. It is admitted on all hands that he is being crushed. If the foundation crashes and goes, the Government and the whole society depending upon it must collapse. Therefore I ask: do you really attach that consideration to the matter which it really deserves? Certainly not.

"Sir, this economic depression has been oppressing the whole world. All other Governments in the world have been taking steps to ameliorate the condition of the ryots. President Roosevelt has done wonders in

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the United States in order to put the ryot on his foot again. We are talking that dictatorship is bad and that democracy is a heavenly blessing. But see in Italy what Mussolini has done and in Germany what Hitler has done. Dictatorship, democracy or autocracy, whatever may be the form of Government, if it does not help the people what is the good? What is there in a name? A rose will smell as sweet by whatever name you call it. The Government should not sleep like lotus-eaters. In our own country other provinces have gone ahead. You talk of the Madras Presidency as being enlightened and everybody here being cultured while the Central Provinces is backward. The Central Provinces is not backward in human sympathy. It is the first in the whole of India to beard the lion in its den and save the ryot from distress and give him relief in respect of debts. Then came the United Provinces and the Punjab. I do not think they are all backward; I think they are all very forward as I said in human sympathy. What are our Government doing? They have done absolutely nothing up to date as I say it and as everybody would know it. Poor Chettiyar introduced this bill. He wanted to introduce it two years ago. What was it that the Government did? They simply kept it under foot. They adopted the dog in the manger policy. They would not bring forward any comprehensive measure of their own accord to relieve the condition of the poor. Poor Mr. Chettiyar brought in an apology for a bill. Even that, this beautiful Government would not allow to be placed on the anvil of the legislature. After two years and odd they have released it for introduction."

* The Hon. the PRESIDENT:—"I think the hon. Member is discussing the whole bill and the state of depression in the country. I think he has said too much about that. I wish the hon. Member confines his remarks to the amendment before the House. If he has nothing more to say, I would request him to sit down."

Rai Sahib C. KOLANDA REDDI:—"I have shown that the Government or the Hon. the Law Member have intended to put in a spoke even in this innocuous measure and made it a nullity. The Government have done nothing except perhaps appointing a Deputy Collector in Chingleput and another in Rajahmundry to try experiments. The people are dying and what is being done is like Nero fiddling while Rome was burning."

* The Hon. the PRESIDENT:—"I must deprecate the attitude of the hon. Member in trying to persist in saying what he ought not to say."

* The Hon. the PRESIDENT:—"Mr. Mahboob Ali Baig . . ."

Rai Sahib C. KOLANDA REDDI:—"Shall I wind up, Sir."

* The Hon. the PRESIDENT:—"The hon. Member has already wound it too long."

Mr. MAHBOOB ALI BAIG:—"Mr. President, I second the amendment moved by the hon. Member and in doing so I shall show how this amendment to the proviso to clause 12 is more logical than any

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other amendment that has been moved. It is neither revolutionary nor socialistic; it only seeks to maintain the economic equilibrium if we can understand that term. Hon. Members of this Council and the Government showed much sympathy to the ryot because the prices of the agricultural produce have fallen and he is not able to maintain himself and pay his dues to the Government and to his other creditors. The trouble is this. When the ryot borrowed his money and when the Government fixed the resettlement rates, the prices of agricultural produce were high. But now owing to the economic depression, the prices have fallen considerably low and the produce of the ryot is not fetching him the same amount of money that it fetched before. What is the remedy? Now for the last two years, the Government have been making or making a pretence of making an attempt to know the facts. My own view is that it is not necessary to appoint a special officer to know the condition of the ryots. Even a casual observer will find that the ryot is suffering seriously on account of the fall in prices. But the Government appointed a special officer and he has found out the facts which are there. These dues either to the Government or to other creditors, the ryot is unable to pay. What is the economic significance of this? Students of economics will tell us that in the years 1928 and 1929 when the prices of agricultural produce were high the purchasing power of the rupee was low. Therefore, if a person borrowed a few rupees in those days, he could have repaid it then by selling one bag of rice. Suppose he did not repay it then, what was a loan of one rupee then would have become two rupees now in value. Since the purchasing power of the rupee has increased, the ryot will have to sell about five bags of rice or agricultural produce and even then he will not be able to discharge his debts. The natural and irresistible conclusion is, whereas the creditor gets double or three times the value of his rupee, the debtor is not able to discharge his debt even if he sells two or three times his produce, which would have been sufficient to satisfy the debt sometime back when prices were high and when the debt was contracted. Therefore, any real relief that you want to give to the agricultural debtors must be based on this difference in price of agricultural produce. If the agricultural debtor contracted certain debts in the year when the level of prices of agricultural produce was high, and when the level of prices of land was high, now that the prices of agricultural produce and land have gone down considerably, and the purchasing power of rupee has gone up, the only way to give relief to the debtor is to ask the creditor to take that much of the property of the debtor which, calculated at the prices which prevailed at the time when the loan was contracted, would be sufficient to discharge his debt. That is the irresistible conclusion to which every one must come if really his intention is to give relief to the agricultural debtors. Therefore, as I have said, this amendment of Mr. C. K. Reddi is the most logical amendment. If I understand the object of the mover of the Bill and also the object of the Government aright, it is to give some real relief to agricultural debtors, for

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otherwise the Government would not have consented to the inclusion of secured debts also among the debts to be conciliated. Their sympathy should result in giving real relief to the debtors. The question is whether, after all the processes described in the Bill have been gone through, you will be leaving anything to the debtor. Is not the ryot entitled to a certain relief on account of the disturbances in the economic world for which he is not responsible?

“ When he took money, it had a certain purchasing power; now he is asked to pay back his debt. You are not making even that provision which the Bengal Government have made for the sustenance of the debtor. The Bill seeks to make some changes here and there. What is the net result? Much fuss was made by ordering an investigation into the economic condition, into the agricultural distress of the agriculturist. Are you doing anything useful, as a result of the investigation? If this amendment is accepted, some relief will be given to the ryot. Some people think that this amendment makes revolutionary changes. It is not so. All over the world, even mortgage debts have been taken into consideration when they enacted legislation. I shall quote two or three instances. This legislation has been adopted in different countries in the Empire. In South Australia it is laid down: ‘ No step shall be taken by any mortgage grantee of any bill of sale, holder of a lien or any other grantee or any other form of security over any property of the said farmer, to realize his security.’ So also in New South Wales. When the Farmer’s Relief Act of 1932 was passed, the same point was taken into consideration. In New Zealand, ‘ the Act empowers the court to postpone action by the mortgagee for a period up to two years, to postpone the payment of interest on principal, reduce the rate of interest, remit the whole or any part of arrears of interest or principal or postpone the right to sue for interest or principal.’

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“ So also is the case in Germany. There a measure was introduced for the purpose of ‘ the gradual extension of the protection of farmers and tenants against foreclosure and distraint, so that the carrying out of forced sales was made practically impossible.’

• “ In New Zealand, it becomes unlawful for a mortgagee to exercise any power of sale or entry into possession or to issue any process of execution on any judgment obtained for moneys due under a mortgage debt without first giving the mortgagor notice. In South Africa, all bond-holders and creditors are asked to accept interest at the rate of 5 per cent per annum on farm mortgages so long as subsidy assistance is necessary. To provide for cases in which bond-holders are unwilling to reduce the interest rate to 5 per cent, the Government have taken power to levy a tax on every creditor of a farm mortgage equal to the sum by which any payment received by him as interest on such mortgage after 31st March 1933 shall exceed 5 per cent per annum.

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“So, in all these countries, even mortgaged property has formed the subject of legislation. This is not a novel thing; this is the inevitable consequence of the disturbance in the economic world. What this amendment seeks to do is to restore the economic equilibrium between the debtor and the creditor. My submission to this Hon. House is this: if you have got any sympathy for the ryot, let us ask him and let us ask ourselves this question, whether this Bill is going to leave the debtor any property at all. You must make some provision in that direction as the Bengal Act does, by reducing interest or doing something of the kind. You are not doing any such thing at all. What is the use of this Bill? As I said, the inevitable consequence of this economic disturbance in India as in other countries is to adjust the value of the rupee now and that at the time when the loan was taken. If that is not the purpose of this Bill, all our labours will be wasted. The Hon. the Law Member has all along been saying that compulsion is antagonistic to what is called conciliation. May I ask, is there any difference between indirect compulsion and direct compulsion? Does it mean, that you can make it in a hidden way and not in an open way. If there is compulsion, why not take it to its logical conclusion? Without doing any harm or injustice to the creditor, you adjust the equilibrium of the money market. You can do so, only if you accept this amendment.

“I think a small amendment is necessary. I think it is necessary that ‘all other charges’ must be added on here. The reason is this: for instance, there is the maintenance charges. I commend this amendment to the acceptance of the House; I hope the well-wishers of the ryots will show to the world and to the people that there are still some people in this House who feel for them.”

Mr. K. P. RAMAN MENON:—“Mr. President, as I understand the amendment, the point seems to be this. Suppose on the date of loan, the property was worth Rs. 100 and Rs. 50 were lent on it by the creditor. If now the property has deteriorated to the extent of 25 per cent of its value, then the creditor must also, *pro rata*, reduce his claim against the debtor. That, in short, is the substance of the amendment. With all the sympathy that my hon. Friends, Messrs. C. K. Reddi and Mahboob Ali Baig, have bestowed upon the poor debtor, will they look to the side of the creditor as well? Instead of the property of Rs. 100 deteriorating to the extent of 25 per cent and becoming worth now only 75 per cent, if it had risen by 25 per cent, are they prepared to allow the creditor proportionate rise in the amount of money he is entitled to claim? Will they subscribe to such a proposition? The answer will immediately be ‘no.’ The same rule should apply both to the creditor and the debtor. There are two sides to the issue; both sides of the issue must be considered. Otherwise we will land ourselves in difficulties. No doubt, some countries like New Zealand, Australia, etc., have passed such a provision. But I am rather diffident about the completeness of the knowledge that my hon. Friends possess of the

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economic conditions in those places and the conditions that induced the other Governments to pass laws as have been heard by us. I may also be pardoned if I am not quite certain if they know exactly how those laws are working in those places. Without any experience, without knowing exactly the position as to why they passed such a law and how they are working them, it will not be advisable in this country to declare a moratorium, because other countries have done so. I do not think it is logical, and one cannot commend that line of argument. The question is; are the Government and the author of the Bill prepared to say that the condition of the country is such that the values of properties have deteriorated to such an extent that persons who have advanced money in the hope that they will be able to realize their moneys to the fullest extent, should be asked to give up a portion of their claim? This is a legislation of fresh confiscation and I submit that this House should not lend its support to that confiscation."

The Hon. Sir K. V. REDDI NAYUDU:—"Mr. President, Sir, the two gentlemen who spoke in favour of this amendment are, I regret to say, actuated mainly by enthusiasm and sympathy. Sentiments and enthusiasm are very good things and they should have their share not at the expense of others. It is easy enough to suggest that you can rob Peter to pay Paul. My hon. Friends from Bezvada, Messrs. Mahboob Ali Baig and C. K. Reddi said that the Government were heartless. What did they do? They controlled all their grain and fixed a certain price and the people yielded to that. It is most unfair to tell us that the Government have not done their share. Does he forget that during the last three years, remission to the extent of more than one crore of rupees has been given to the ryots? (A voice: Whose money?) It is the money of the State, of the nation. What other money can the Government have? (Rai Sahib C. K. Reddi: The Hon. Member is as relevant or irrelevant as myself.) I shall leave aside these points."

MAHBOOB ALI BAIG SAHIB Bahadur:—"On a point of personal explanation, Sir. I did not say that Government did not do anything. I based my argument on the fact that the Government gave remissions."

The Hon. Sir K. V. REDDI NAYUDU:—"Leaving aside those points, let us get to the hard facts of the case. One argument which was advanced by my hon. Friend, Mr. C. K. Reddi is that this Bill is based upon the Central Provinces Bill; and that Bill does not touch mortgages. There he is entirely mistaken. If he refers to clause 13 of the Central Provinces Bill which is more or less a copy of our own Bill, he will find that under sub-clause 3 of clause 15 mortgaged debts are to be excluded.

"He will find there that when the settlement had been made under section 12, the consequences are stated in section 15 of the Central Provinces Bill which is also clause 15 of our Bill. If the hon. Member will only read that clause—which I shall read to him presently—he will

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find that mortgages are excluded from the operation of the Act. Clause 3 of the Central Provinces Act says:

'Where, after the registration of an agreement under sub-section (2) of section 12 . . . , etc., and then—

'or any creditor sues for the recovery of a debt incurred after the date of such registration, any decree passed in such suit shall, notwithstanding anything contained in the Code of Civil Procedure, 1908, not be executed until all amounts, recorded as payable under such agreement, have been paid or such agreement has ceased to exist.'

"What does it mean? It means that only an unsecured creditor is prohibited from suing, and once the agreement is entered into only the secured creditor can sue. Therefore, the basic principle on which my friend started falls to the ground, and everywhere this is recognized that mortgagees should not be compelled to lose any portion of their money.

"Now, Sir, there are still higher grounds on which I base my objection to these amendments, all of which go together. The basic point is: shall mortgagees be compelled to part with the whole or part of their money? In one of the proposed amendments, it is stated that the value of the property should be taken as the value at the time when the loan was given. That point, however, has been explained by my hon. Friend, Mr. Raman Menon, and I think I need not repeat the arguments. But I wish to place before the House certain facts which will conclusively show that this is a proposition which cannot be accepted by any Government. It has been urged in this Council—and hon. Members have practically accepted that position—that this is a sort of quasi-insolvency proceeding. Under the Insolvency Act itself, when a creditor or debtor applies for the debtor's insolvency, a receiver is appointed and the property is all vested in him; and yet Insolvency law is quite clear on the point—and I am sure my hon. Friend will admit—that apart from fraud mortgages are not affected in the least by insolvency proceedings. Is it seriously contended that in proceedings like this—which is intended purely as a matter of conciliation between the creditor and the debtor, and as an attempt to see that some arrangement is made which is beneficial to both of them—that we should go further than the Insolvency Act itself and say that the mortgages also should be brought in? I really fail to see the idea underlying the amendments.

"As regards the other Acts, they only need a passing mention. The Bengal Bill is still in the form of a Bill, and it cannot be taken as an authority, and we do not know what the Legislative Council of that province will do in regard to that Bill. Again, the Bengal scheme is entirely different from our scheme. The Bengal Bill starts with the assumption of appointing a Commissioner whose permission will be necessary to the Board for taking action under clause 19 of that Bill. We have no such machinery here. If in this province a Bill is framed on the basis, say that a member of the Board of Revenue should be the

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Commissioner within the meaning of this Act, and that he should permit these Boards to operate even in regard to mortgages, then I can understand it. That security has been provided for in the Bengal Bill which does not find a place in our Bill.

"Then again, in that Bengal Bill, a clause similar to our clause 15 (3) is found. It is clause 23 which clearly enables the secured creditor to obtain a decree even after the date of the agreement. In our Bill also you find that provision. If mortgages coming into existence after the agreement are affected, then I can understand; but here that is not the position; even mortgages of ten, fifteen and twenty years are sought to be affected.

"There is another point which I should like to mention. My hon. Friend, Mr. Raman Menon, has already stated clearly that this will be a kind of expropriation. Section 299 of the new Government of India Act which has, of course, not yet come into force, contains the principle that expropriations ought not to be allowed in this country. What else is this but expropriation?

"Another important fact on which the whole Bill turns, without any reference to all the arguments that have been advanced, is the provision in the Transfer of Property Act. In the Transfer of Property Act you have sections 58, 67, 68 and 70-A. Section 58 gives the definition and creates an interest in the mortgagee so far as the land mortgaged is concerned. Sections 67 and 68 give the power of bringing this property to sale. That Act is a Central Act. Now by these amendments, we are asked to overlook the provisions of that Act. It would only mean that after the agreement has been entered into or at least after the certificate is given, the right of the mortgagee to sell the property would come to an end. That, in other words, means that we are interfering with, amending and altering a Central Act, which we have no right to do. Section 80-A of the present Government of India Act in sub-section (3) (e) says:

'The local legislature of any province may not, without the previous sanction of the Governor-General, make or take into consideration any law—

• (e) regulating any central subjects; . . .'

• "And in Schedule I to the Devolution Rules, you have item No. 16, which runs:

'Civil law, including laws regarding status, property, civil rights and liabilities and civil procedure.'

"This is a law affecting the rights of property, and without the previous sanction of the Governor-General we cannot introduce a provision like that under discussion. But the matter does not stop there. In item (h) of the same sub-section (3) of section 80-A, you find this:

'altering or repealing the provisions of any law which, having been made before the commencement of the Government of India Act, 1919, by any authority in British India other than that local legislature, is declared by rules under this Act to be a law which cannot be repealed or altered by the local legislature without previous sanction;'

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"We find at page 222 of the book, under rule 2 of the rules framed under section 80-A (3) (h) of the Government of India Act, that the Transfer of Property Act of 1882 has been included as one of those laws which a local legislature may not repeal or alter without the previous sanction of the Governor-General. That is the reason why my friend has taken particular care in drafting the Bill, to see that mortgages are excluded from the scope of the Bill. He has stated in section 15 (3) that only unsecured creditors cannot sue, which means that secured creditors can sue.

"Here is an Act under which it is not merely the Government of Madras—of course the Government can be abused, and you are always at liberty to abuse them—but the Government of India have, under a solemn statute, promised to the money-lenders that if they lent money on a mortgage, that money would be perfectly safe so long as the property remained in existence, unless it is washed out"

Rai Sahib C. KOLANDA REDDI:—"On a point of order, Sir. It is for the Government to find ways and means; we simply ventilate our grievances."

The Hon. Sir K. V. REDDI NAYUDU:—"I want to point out, Sir, that it will be a breach of faith on the part of the Government of the day and the sacredness of the statute will be lost if, by a measure like this, we go out and say to these money-lenders: 'No doubt we have promised under the Transfer of Property Act that your money is safe and that certain rights accrue to you so far as that property is concerned, but because prices have fallen or for some other reason, we scrap it.' I do not think any Government can consent to a proposition like that. It is all very well and easy to say that the ryots are down and that something must be done. Now, I ask, will these hon. Gentlemen agree to another proposition of a similar kind—I do not know how many present here would agree to it and how many outside? If the ryot is down, by all means protect him; only, it should not be a compulsory protection. If it is so, I would ask: how many depressed class people are there who have got the food to eat at present; how many of them have got lands or property; and how many of you have brought or will bring bills to divide your property and give it to them? You talk of sympathy: it is because the man has got the right to vote that you all say: 'we will protect him.' It is not due to sympathy or mercy for humanity or towards the depressed classes. It is only to the voter, because that man's name is already on the list; he is very influential; he has had money at one time and he has people to support you; he could get half a dozen votes for you. The creditor is only one man in the village and all the other villagers are his debtors; therefore let us be down with this creditor. That is the logic so far as he is concerned. Sir, I do not think many more words are required from me. I take two objections; one on the ground of incapacity to proceed

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with this Bill if this amendment is to be accepted because this legislature is not competent to do anything which is contradictory to the Transfer of Property Act; secondly on the ground of moral principles. I oppose the amendment."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Sir, I am sorry I have also to oppose this amendment, but at the same time I should thank both the mover and seconder for the sympathy lavished on me. Sir, in the original draft of the Bill, as pointed out by the Hon. the Law Member, the secured creditor has definitely been omitted in clause 15 (3); and even now, if the second proviso of clause 12 (1) is deleted—and it was not there in the original Bill—it does not make much difference, because clause 15 (3) secures to the mortgagee his rights. So, Sir, there was absolutely no question of my trying to avoid such a provision in my Bill and the Law Member forcing it on me later on. All that the Law Member wanted, and some other members wanted, was that we should make our intention very clear; therefore, there was no question of any new provision being introduced. Secondly, Sir, absolutely no difference is made between the secured and unsecured creditor here. The penalty is the same for both. Both of them, if they do not agree to a reasonable settlement, lose costs and both of them will have to be satisfied with 6 per cent interest from the date of the certificate and both the unsecured and the secured creditor are not otherwise deprived of any portion of their debts. My friends seem to forget that with reference to unsecured creditors also we are not making any provision that any portion of the debts due to them should be reduced. So, Sir, there is absolutely no reason for saying that the secured creditor alone should be penalized and a portion of his debts alone should be reduced without his agreement. That would be the result of the amendment, Sir, if it is accepted.

"Sir, I am sorry that both the gentlemen who proposed and seconded ^{4 p.m.} the amendment have not understood this aspect of the question, namely, that penalty clauses apply to both the secured and unsecured creditors in the same manner. Apart from that, the rights of the secured and unsecured creditors are left as they are with this difference that right of the secured creditor which is got under the mortgage is preserved and the amount due to the unsecured creditor is also preserved but it has to be postponed as provided in clause 15 (3). That being the case, I do not see how any case arises for this present proposal. I am asked, if everybody is going to have whatever he is entitled to what will be the fate of the debtors? There again, as I stated, when I moved the motion that the report of the Select Committee be taken into consideration, unfortunately the scope of the Bill is limited and we are only providing for voluntary settlement of debts. Unless there is agreement between the debtor and the creditor there is no good out of this Bill. All that it provides is, the application of the regular law will take its course otherwise. I have been saying over and over again that the scope of this Bill is very much limited. It provides only for voluntary settlement

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of debts and it does not compel either the creditor or the debtor to forego a portion of the debt. That is the scope of the Bill. I know that several hon. Members are not satisfied with the arrangement; they want the scope of the Bill to be amplified—that is a different matter. But taking the scope of the Bill as it is, nothing further can be done. If any other legislation is going to be brought in, either by the Government or by anybody else in regard to this matter they can introduce provisions like those contained either in the Bill proposed by the Bengal Government or in the Acts that have been passed in the United Provinces and the Punjab. But, unfortunately, we cannot introduce such provisions in this Bill at present."

* The Hon. the PRESIDENT:—"I think the House is ready for a vote."

Rai Sahib C. KOLANDA REDDI:—"Sir, have I not got a right of reply?"

* The Hon. the PRESIDENT:—"If the hon. Member has got anything to add to his remarks, I have no objection."

* Rai Sahib C. KOLANDA REDDI:—"Thank you, Sir, I shall make my own reply. My hon. Friend, the Law Member, has stated that both myself and my hon. Friend, Mr. Mahboob Ali, were carried away by enthusiasm, by ebullition of heart or emotion, but I would say, would that my hon. Friend had a bit or modicum of that sentiment. But he forgets that a good heart is better than a barren brain. Moreover he himself grew ultra-enthusiastic in abusing us and said that this was all a vote-catching device and so on and so forth. Perhaps that may be the prospective trouble of my hon. Friend, the Law Member, but not mine; my people know what I am and so there is no fear about that. I am sorry that he has imputed motive to me."

The Hon. Sir K. V. REDDI NAYUDU:—"On a matter of personal explanation, Sir. The hon. Member said that in his statement. I do not know what his reason was. You may remember that sentence. It is in reply to that I said that."

Rai Sahib C. KOLANDA REDDI:—"Even now, I say, Sir, the reason is not known to me. My point is people are suffering badly; I know all debts are covered by mortgages in my district; and for that matter I know of a case in which Rs. 11,000 was taken under a mortgage some years back and Rs. 36,000 was paid and still Rs. 26,000 is due. There are thousands of such cases in my district. If really this Bill does not cover all those cases, what is the good of this wretched Bill? And that is why I am crying forth. I did not impute any motive to my hon. Friend. (The Hon. Sir K. V. Reddi Nayudu: 'Yes, yes.') What does the Hon. Member mean? I really never attributed any motive to the Hon. Law Member. (The Hon. Sir K. V. Reddi Nayudu: 'Then, I will accept it, Sir.') Sir, my Hon. Friend is known for his eloquence and for his siren voice and he has used it all to the best advantage in trying to destroy the points of argument raised by me. But, has he contributed anything towards constructive criticism?

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Absolutely none. I expected that Government would do something constructive but they have failed to do and still they are arguing us out. My hon. Friend has been more or less expatiating upon the fact that the subject, 'property' belongs to the Government of India. Who does not know it? I wonder why he should waste half-an-hour in dilating over it when we know it very well. That is why we seek the approval of the Government of India, the Governor-General in Council. Of course, when we get provincial autonomy we would not care for the Government of India at all, but now we are only the daughter-in-law and there is the Hindu mother-in-law, the Government of India. That is why we have to go to the Government of India to get the approval of all the Acts that are passed here. So, I have never laboured under the delusion that 'property' is one of the provincial subjects. I wonder, Sir, where there is confiscation, except in the brain of the Hon. the Law Member. I (the ryot) am down and out, crushed by that monster of economic depression. I seek your help and it is your duty to help me and to extend your helping hand and when I say all these things, you smile. (The Hon. Sir K. V. Reddi Nayudu: 'What about the Agricultural Loans Act?') Oh, it is but a flee-bite, it is a drop in the ocean and I think you will be ashamed of that grand achievement. What was the effect of that Agricultural Loans Act amendment? You have appointed two Deputy Collectors, one in one corner in Chingleput and another in another corner in Rajahmundry; one Jagannatha Rao here and another Hanumantha Rao there and you are satisfied with it. All glory to you. I am dying, Sir, and you are experimenting now. (The Hon. Sir K. V. Reddi Nayudu: 'Yes, yes.') You may say 'Yes, yes.' When you are on the Treasury Bench . . ."

* The Hon. the PRESIDENT:—Order, order. The hon. Member may address the Chair."

Rai Sahib C. KOLANDA REDDI:—"I know he was simply mocking at me, Sir."

The Hon. Sir K. V. REDDI NAYUDU:—"I am not mocking at him, Sir."

* The Hon. the PRESIDENT:—"I am advising the hon. Member to address the Chair."

Rai Sahib C. KOLANDA REDDI:—"But he was addressing me and so I addressed him. Now, Sir, with regard to the Agricultural Loans Act amendment, the special officer in his very valuable report—a report on which we must all congratulate that young Indian Civil Service officer—we wish there were more such officers in the service of the Madras Government—boldly pointed out that the total amount of indebtedness in this Presidency is about 204 crores of rupees and that 93 per cent of the agriculturists are indebted. Now, my hon. Friend takes credit for having amended this beautiful Agricultural Loans Act; and what is the result? They are going to shell out a few lakhs of rupees only . . ."

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The Hon. Mr. C. A. SOUTER:—"On a point of order, Mr. President, does the hon. Member desire that Government should withdraw that Act?"

Rai Sahib C. KOLANDA REDDI:—"No, no. I only humbly ask the Treasury Bench, is it a thing to gloat upon and is it a thing to congratulate yourselves upon? Is it in any way proportionate to the distress that we see around us? Do not be merely sitting up there hoping against hope like Micawbar, but do something good; that is our prayer. For that your Agricultural Loans Act is absolutely useless; it is neither fish nor flesh nor herring. My Hon. Friend the Law Member said that this year only one or two lakhs was going to be given to these Deputy Collectors to be distributed in their areas. We have the Land Mortgage Banks which also have distributed a few lakhs of rupees and my friend, Sir Mocherla Ramachandra Rao will also take credit for this."

Mr. C. BASU DEV:—"On a point of order, Mr. President, we are very much hard-pressed for time and I would very much like my hon. Friend . . ."

* The Hon. the PRESIDENT:—"Order, order."

Rai Sahib C. KOLANDA REDDI:—"So, Sir, my submission is and I make it in all earnestness possible, that the ryot is suffering untold hardship. I want the Hon. the Revenue Member to go over to Kistna district over which he presided, see the state of affairs for himself and compare the present most deplorable and heart-rending condition with the condition that obtained in his days when he was there as Collector, when I think it was flowing with milk and honey and when Kistna was the garden of the whole Presidency. Now, Sir, is it not the duty of the Government to do something to the ryot who is prostrated and to put him upon his legs? After all, what is he for? Simply to give you as much milk as possible, or rather you depend upon him and therefore you should feed him like a good shepherd and draw as much milk as possible from him and do not cut off the udder. What will become of you when the ryot collapses? That is my submission. My Hon. Friend, the Law Member, can talk logic and plead very eloquently and do all that. All that I want him to do is to face facts as they are; he is in a responsible position and he is not a school-boy debating in a debating society, but he holds a responsible position under Government. He knows the people very well and if at all any member knows anything about the ryot, it is he, because he is a ryot of ryots and he is one of us. Let him do something tangible for alleviating the sufferings of the millions of ryots. If the ryot goes and if the yeomanry is lost, what will become of this Government? They must collapse. My prayer, therefore, is do not put in spokes like this. I appeal to the whole House, both aristocrats, labourites and all other members to accept the amendment. If secured debts are not included, if they are separated from other debts and if they are treated differentially, certainly there will be no good coming out of this Bill at all. That is

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why I say this Bill is useless without such a provision. Let this amendment be passed by this House, and let an appeal go to the Governor-General and if he refuses, then it is all right. But let us be doing our duty, because we are nearer the Madras ryot than the Viceroy. That is my prayer. Is it enough, or shall I continue if you are not satisfied. (Laughter)."

* The Hon. the PRESIDENT:—"Personally I am not satisfied, but I think the House has a surfeit of it. I will now put the amendment to the vote of the House. The question is—

'Delete the second proviso and substitute the following:—

"Provided further that when a secured creditor does not agree to the settlement, he shall be entitled to proceed against the secured property only to the extent calculated on the basis of the value of the said property on the date of the issue of loan."

Explanation.—The value of the property referred to above may be determined by rules framed by the Local Government under this Act " , , "

The amendment was declared lost.

Rai Sahib C. KOLANDA REDDI demanded a poll and the House divided thus:

Ayes.

1 Khan Bahadur Yahya Ali Sahib Bahadur.	11 Mrs. A. Rukmani Lakshmiopathi.
2 Sriman M. G. Patnaik Mahasayo.	12 Mr. H. B. Ari Gowder.
3 Mr. C. Indrayya.	13 " G. R. Premayya.
4 " K. Pattabhiramayya.	14 " P. M. Thangal.
5 " M. B. Rangaswami Reddi.	15 Rai Sahib C. Kolanda Reddi.
6 " M. A. Manikkavelu Nayakar.	16 Rao Bahadur R. K. Venugopal Nayudu.
7 Ahmed Meeran Sahib Bahadur.	17 Mr. K. Koti Reddi.
8 Mr. K. M. Duraiswami Reddiyar.	18 " P. V. Krishnayya Choudari.
9 " T. Narasa Reddi.	19 Mahboob Ali Baig Sahib Bahadur.
10 " U. C. Subrahmanya Bhatt.	

Noes.

1 The Hon. Sir K. V. Reddi Nayudu.	17 Rao Bahadur R. Srinivasan.
2 " Rao Bahadur A. T. Pan-nirselvam.	18 Rao Sahib N. Siva Raj.
3 " Mr. C. A. Souter.	19 Mr. W. K. M. Langley.
4 " Diwan Bahadur S. Kuma-raswami Reddiyar.	20 The Zamindar of Kirlampudi.
5 " Mr. P. T. Rajan.	21 Rao Bahadur B. P. Sesha Reddi.
6 " the Raja of Bobbili.	22 Mr. P. V. Rajagopal Pillai.
7 Diwan Bahadur C. Natesa Mudali-yar.	23 " V. G. Vasudeva Pillai.
8 Mrs. K. Alamelumangathayaramma.	24 Mr. G. F. F. Foulkes.
9 Mr. W. Scott Brown.	25 " G. Simhachalam Pantulu.
10 " H. R. Uzielli.	26 Rao Sahib V. Dharmalingam Pillai.
11 " C. E. Jones.	27 Rao Bahadur D. Krishnamurthi.
12 " G. T. Boag.	28 Diwan Bahadur A. M. M. Muru-gappa Chettiyar.
13 " T. B. Russell.	29 The Zamindar of Bodinayakkanur.
14 " T. Sundara Rao Nayudu.	30 Mr. G. Sriramulu.
15 Khan Sahib Syed Tajuddin Sahib Bahadur.	31 " S. A. A. Annamalai Chettiyar.
16 Mr. R. M. Palat.	32 Rao Sahib D. V. Narasimhaswami.
	33 " Pandit Ganala Rama murthi.
	34 Mr. K. Kesavaramurthi Nayudu.

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Noes—cont.

35 Diwan Bahadur T. A. Ramalingam Chettiyar.	45 Subadar-Major S. A. Nanjappa Bahadur.
36 Mr. T. C. Srinivasa Ayyangar.	46 Mr. V. P. Narayanan Nambiyar.
37 „ V. T. Arasu.	47 „ C. Basu Dev.
38 „ A. B. Shetty.	48 „ G. Rameswara Rao.
39 Rao Bahadur P. C. Muthu Chettiyar.	49 „ K. P. Raman Menon.
40 Mr. M. A. Muthiah Chettiyar.	50 Diwan Bahadur C. S. Ratnasabhapati Mudaliyar.
41 „ M. S. Sreshta.	51 Mr. I. C. Iswaran Pillai.
42 „ J. A. Davis.	52 Diwan Bahadur M. Gopalaswami Mudaliyar.
43 Rao Sahib V. I. Muniswami Pillai.	
44 Mr. H. M. Jagannatham.	

Neutral.

1 Rao Bahadur Sir A. P. Patro.	4 Mr. T. S. Ramaswami Ayyar.
2 The Zamindar of Mirzapuram.	5 „ K. A. Nachiyappa Goundar.
3 Mr. Basheer Ahmed Sayeed.	

Ayes 19. Noes 52. Neutral 5.

The motion was lost. ✕

4-15 p.m. Mr. P. V. KRISHNAYYA CHOUDARI:—"Mr. President, Sir, I beg to move:—

'Insert the following as a third proviso to sub-clause (1):—

"Provided further that an attachment of property in execution of a decree shall not give the decree-holder any priority in respect of his decree debt".'

"Sir, the object of my moving this amendment is that after this Act comes into force, many people will file suits and then obtain attachments. I feel, Sir, that these attachments should not give the decree-holder any priority in respect of his decree debt. With this object, Sir, I move this amendment."

The amendment was duly seconded.

The Hon. Sir K. V. REDDI NAYUDU:—"Sir, I think I have no objection against this amendment."

Mr. T. SRINIVASA AYYANGAR:—"Is there any priority in every court decree?"

Mr. BASHEER AHMED SAYEED:—"Sir, I appeal to the Hon. Mover that this amendment may be withdrawn because there is no effect in the amendment even if it is passed. Mere attachment results in the property not being alienated by the debtor but it does not give any priority to any person. To that extent it gives nothing to anybody."

The amendment was put and lost. ✕

The Hon. Sir K. V. REDDI NAYUDU:—"Sir, I move the amendment which stands in my name, viz.,—

'In sub-clause (2), line 2, for the words "date of its making," substitute the words "date of the making thereof".'

"Sir, this alteration is of a verbal nature."

The amendment was duly seconded.

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The amendment was put and carried.

The Hon. Sir K. V. REDDI NAYUDU:—"I move the amendment which stands in my name, viz.,—

'Insert the following as sub-clause (4):—

"(4) If, after the making of an agreement under sub-section (1), any debt is revived by the board or a civil court under sub-section (3) of section 8, the agreement and all proceedings taken in pursuance thereof shall stand cancelled; the application under section 4 shall be deemed to have been received in the office of the board on the date of such revival, and all the provisions of this Act shall apply in respect of the application accordingly."

"Sir, it is only a consequential amendment."

The motion was duly seconded.

The amendment was put and carried. ✓

Clause 12, as amended, was put and carried.

Clause 12-A.

Mr. P. V. KRISHNAYYA CHODURI:—"Sir, I move—

'After the words and figures "Code of Civil Procedure, 1908," in line 3, insert the following words:—

"as well as 2 acres of wet land where a debtor possesses wet lands, and 4 acres of dry land where a debtor does not possess wet land but possesses only dry lands".'

"Sir, I feel that something should be left to the debtor. So I move this amendment.

The motion was duly seconded.

The Hon. Sir K. V. REDDI NAYUDU:—"Mr. President, Sir, I can very well understand the position of the hon. Member that something should be left to these people. It is a very laudable object in itself but the trouble is this: what will happen if the debtor has only 2 acres? It means that all the 2 acres will have to be left to him and the creditor will have to go with nothing. So, Sir, I am not able to accept this amendment."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Sir, I oppose the amendment for the reason that both the debtor and the creditor must come to a settlement of their own accord. As has been said, Sir, there will be heaps of cases in which the debtors will not have 2 acres of wet land or 4 acres of dry land. The statistics supplied by the Government show that the indebtedness of ryots who are paying kist up to Rs. 10 will amount to several crores. Such being the case, to impose a condition that the 2 acres should be left to the debtor means leaving nothing at all to the creditors. I do not think, Sir, that is,

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what the mover of this amendment means. Sir, in a matter of voluntary settlement between parties, I think, it is very difficult to impose conditions like this."

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The amendment was put and lost.

Clause 12-A was put and carried.

New Clause 12-B.

Mr. P. V. KRISHNAYYA CHoudari:—"Mr. President, I move—

Insert the following as new clause 12-B:—

"12-B. (1) *In any scheme of debt conciliation under this Act, no creditor shall be allowed a greater amount in satisfaction of both principal and interest than twice the amount of the principal.*

(2) *In any suit brought after the commencement of this Act against the debtor for the recovery of a loan borrowed before the commencement of the Act, no court shall pass a decree in satisfaction of both principal and interest for a larger sum than twice the amount of the principal."*

"My object in moving this amendment is to enforce the law of Damdupet. We have already passed legislation restricting the rate of interest and the amendment seeks to impose a maximum up to which a creditor may collect amounts for interest from the debtor. This system is observed in Bombay and is not unknown to us. In all equity, this system may be enforced. My hon. Friend, Mr. C. K. Reddi, referred to a case where Rs. 11,000 was taken as a loan, and after paying a sum of Rs. 25,000 the debtor has yet to pay an equal sum to liquidate the debt. It is to prevent such cases that I have proposed this amendment; and I hope the House will accept it."

The motion was duly seconded.

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Mr. President, so far as the first amendment is concerned, I have no objection. It will be instructions given for guidance to the Board towards coming to an arrangement and the arrangement seems to be fair. The provision proposed is not also foreign to the Hindu Law.

"As for the second clause, though I do not object to the principle, I fear that it cannot find a place here for the reason that we are dealing with regulating the procedure of the Board and we cannot lawfully regulate the procedure of law courts in suits in this Bill. So it seems to me that it is entirely out of the scope of the Bill. I think that if the Mover will confine himself to the principle contained in clause (1) it may be accepted."

* Mr. T. C. SRINIVASA AYYANGAR:—"Mr. President, I am substantially in agreement with my hon. Friend that so far as clause (2) is

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concerned, we are called upon to assume jurisdiction over a matter to which this Bill does not relate at all and further it puts a brake on the powers and jurisdiction of the Courts of Law. I wonder how such provision can be effectively made. Fixed deposits for short periods in banks, thavanai loans among native bankers and similar loan transactions wherein, the interest and the principal would together be the amount of deposit for the next period will give the go-bye to the provision. The ancient Manu's laws known as the law of Damdupat is obtaining in the Hindu state of Pudukottah. I very much doubt whether thavanai transactions are controlled by it. The amendment will create complications which will be a hindrance to the normal course of trading and banking operations.

“As regards item 1, I wonder why we should bring it in, if the property of the debtor is worth more than the total amount of the principal and interest, where will be the necessity for conciliation and bringing in all these provisions in such cases. Whatever may be said with regard to item 1—I leave it to the Hon. the Law Member to accept it or not—I consider that item 2 is highly objectionable. I oppose it.”

Mr. K. KOTI REDDI:—“My hon. Friend seems to think by introducing such a provision he can reduce the rate of interest. I do not know if the Government have realized the consequence of accepting the amendment. The Government is not in favour of compulsion and so also are my hon. Friends. Apart from that, there is one aspect of the question that has not till now been touched upon by hon. Members. There are a number of minors who are creditors and who have not renewed their pro-notes for ten or fifteen years, their guardians taking advantage of the rule and have allowed the interest to be accumulated. If they had known that such a rule would be introduced they would have collected all their debts. In such cases the interest accumulated may be more than the principal. Are you going to deprive of them of the money on account of this rule? I leave it to the Government to answer. I would only submit that this is a kind of compulsion or confiscation. If they are going to accept the amendment let them do it. Such things are quite usual in banking and such an amendment would operate as a hindrance to banking. I am in favour of sliding down of interest on certain principles. But such an amendment I cannot accept. It is not at all proper and it is even dangerous. One can understand the making of such a rule to be applicable for all loans granted in the future. I do not know if the Hon. Law Member is going to accept the amendment. I shall be glad if he does not for the reasons I have already stated.”

Rao Bahadur P. C. MUTHU CHETTIYAR:—“ஆனரபின் மெம்பர், சி. கே. ரெட்டியார், பில்லின் எண்ணத்தை நிறைவேற்றது, என்று சொன்னார். ஆனால், மிஸ்டர் குமலிங்கம் செட்டியாரவர்கள் வெகு நாளாய் கவுன்சிலிலிருந்தவர். அவர்கள் கொண்டுவந்த பில்லாக இருக்கிறது. அதனால் அதை ஆதரிக்க வேண்டியதாயிருக்கிறது. ஒரு தரம் பில் கௌன்ஸில் முன் வந்து விட்டபடியால்

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அது நடக்கும்படியாக பார்க்கவேண்டியது. இது சிரமமானதே. இந்தமாதிரியாக கடினமான சட்டங்கள் ஏற்படுத்தினால் இது பாங்கிக்கு ஒரு இடஞ்சலாக ஏற்படும். இது நடக்காது. மிஸ்டர் கோடி ரெட்டியார் சொன்னதை ஸ்பெஷலாக கவனிக்க வேண்டும். ஆகையால் இந்த மோஷனை ஒப்புக்கொள்ளத் தக்கதில்லை.”

* Sir A. P. PATRO:—“ Mr. President, Sir, I would begin by saying that this is a very drastic amendment. I would just in this connexion draw the attention of the House to certain portions of the Report on Agricultural Indebtedness to show how money-lending has been in progress in our Presidency, especially where poor agriculturists have been concerned. I shall refer to pages 15 to 18 of the Report. The first case noted is: ‘He pays a land revenue assessment of about Rs. 1,000 and the owner of a shrotriyam village pays quit-rent of Rs. 300. His money transactions cover over a lakh of rupees. He generally lends at 12 per cent simple interest; but writes down 24 per cent in pro-notes to put fear into his clients. He says he always charges simple interest, yet seems to have experienced great difficulty in collecting his dues in the last three or four years owing to the depression.’

4-45
p.m.

“ That case is from the point of view of the money-lender. Then again he says he is not at all in favour of debt conciliation. If such legislation will burden him he does not want it. He wants cash and he is quite prepared to come to a reasonable proportion in cash. That exactly sums up the position of rural indebtedness. If you place such a great hardship or handicap as it is proposed in this amendment, hon. Members must realize that it will be very difficult for the rural people to obtain credit. No doubt, hereafter nobody will be willing to lend money to the very needy ryot. Ryots want help from time to time not only for cultivation expenses but for other ceremonies and marriages and for these necessary purposes they have to go to the money-lender in the village. This kind of facility which is going on in the rural areas you are going to cut off and you would not save them. They will only say, save me from such friends. The amount usually charged is 12 per cent. That is the usual rate. This creditor has said that though it is 24 per cent he has collected only as 12 per cent. Take for instance the loan of Rs. 3,500 on 5th March 1931. The interest is 18 per cent. Three payments were made on this promissory note, viz., Rs. 492, Rs. 600 and Rs. 700, and the balance remains. Naturally, according to law, when payments are made they have to be credited towards the interest unless it is the desire of the hon. Member that they should change the law of interest, that it should go to the discharge of capital and interest and then bear interest again. Unless we have the whole law changed in the matter the creditor is entitled to credit towards the payment of interest. At that rate, if regular payment is not made, if there is default, the amount goes up. I do not see any reason why there should be any such restriction placed on rural credit. It must be remembered however much we are anxious to conciliate between the debtor and the creditor we must not make ourselves liable to set one against the other. That is the practical point of view from which we have to view

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during these times, and not to look at what is the ideal. I would ask my friends to place themselves in the position of the ryots in the villages. They cannot help going to the creditor and if there is no credit what is to be done? So, instead of leaving something to rely upon, why do you cut him off? I will place this point of view before the House. I quite appreciate the sympathy of the hon. Mover. He is no doubt very earnest in saying that there should not be any burden on the ryot. All those are very excellent ideas that one should cultivate in his own affairs. But the defect comes in practical application. When we look at the rural condition and when the condition of the ryot is such that he cannot but go to the creditor in times of necessity to have a few rupees or paddy or to meet absolute necessities, I say, this amendment places difficulties in his way. Then again, Sir, Mr. Sathianathan's report refers to another creditor advancing a loan of Rs. 3,000 on 22nd April 1931, at 12 per cent. There after giving the payments the debt remains as it was before. If we take all these cases into consideration the only conclusion is that it is not a practical proposition to say that twice the amount should not be continued. Take for instance the condition of an agricultural debtor in the Kistna district. He started with four lakhs capital and now has sixty lakhs. He charges interest at Re. 1-4-0 per hundred. He is not keen on getting back his capital, but wants only interest. He always has hundreds of suppliant debtors in his compound, crying out 'help me.' He says Government must come to the rescue. When money is lent out he will not accept land at once in payment but wait till the debt swells and take all the land. All lands are now with him. The Kistna and Godavari ryots are bound hand and foot. There is a net work of cross-sureties taken for pro-notes. The money-lender is eager for settlement of debts, for he has learnt a bitter lesson. As you see from this account which the report gives the ryots of Kistna and Godavari districts are in debts. Their lands are mortgaged. They have borrowed now so far and exceeded credit that they could not get any more money to pledge their credit. Therefore money-lenders are putting much pressure on their clients in the last few months through fear of Government interference. From the point of view of the objections that were placed before this House here is the position of the money-lender and debtor described in this paragraph by Mr. Sathianathan which goes to prove that the amendment given by the hon. Member is not at all to the benefit of the debtor. Then again, with an agriculturist money-lender in the Ramnad district with regard to conversion with two prominent Nattukottai Chetti bankers of Karaikudi in the Ramnad district:—

'These are large landholders under the Sivaganga zamindari. They lend out in India only to cultivating tenants. They find no difficulty in collecting payments. They take principal and interest from the thrashing floor. They go to court only in two out of ten cases. They lend ordinarily at 9 to 12 per cent compound interest with one yearly and six-monthly rests.'

'Now what happens is this. This practice is prevailing throughout the province. I am pleading this with a view to convince the House

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that the system of agriculturists borrowing money from the big ryot in the village is the custom or mamul in the village which you cannot avoid and payments are made in kinds in times when the ryot can spare money and they are given credit and accounts maintained according to the report of Mr. Sathianathan. Therefore I say when money is paid they are credited towards interest and when unfortunately the amount doubles, why should you place difficulty on the money-lender? Why should he be penalized for the fault of the debtor, when the debtor knows that he is running into debt, when the debtor knows that he is going down and when the debtor goes on conscious of all difficulties. Then, Sir, it is not fair, it is not equity that we should penalize the creditor. There is another point of view also I would place before the House. It is this: I sympathize with their position and he sympathizes with their position. But the remedy that is sought to be applied is not the remedy to help them. However earnest we may be, that goes against them. Therefore if they think in this Bill they seek to obtain some redress they are very much mistaken. It was my view from the beginning that this Bill is only intended as merely a conciliatory measure for purposes of arbitration. It is on the agreement of parties that the matter has to be settled. In such matter, if you want to introduce regular compulsory or penal provision you cannot succeed. This is not the place where such measures are introduced. So far as this Bill is concerned, so far as the provisions accepted by the Select Committee are concerned, the only thing that I have to submit to this House from this paragraph in this report of Mr. Sathianathan—which is an excellent report and which I read to the House—is that it is better that the hon. Mover reconsiders the position and does not press his amendment.”

* Mr. M. A. MUTHIAH CHETTIYAR:—“ Sir, after the elaborate arguments advanced by Sir Patro against the amendment, I do not want to speak elaborately except to point out one other defect in the amendment of Mr. Krishnayya Choudari. It is said that in the scheme of debt conciliation no amount should be allowed which is more than twice the amount of the capital. I have a difficulty, Sir. When the creditor puts his application before the debt conciliation board or sends in his statement, if he has lent Rs. 100 and if the interest should come to Rs. 125 his total claim is Rs. 225. I have a doubt whether the conciliation board will disallow the extra 25 at the initial stage itself or take into consideration the whole amount till the award is made. If the principle is accepted that the total debt to be paid should not be more than twice the principal amount, it should made clear how it will be worked out in practice. I would suggest to the Hon. the Law Member that it should be made clear in this amendment because the word ‘allowed’ leads to some doubtful interpretation. It must be clarified. In the final award to be made by the debt conciliation board the award may not exceed twice the amount of the capital. If this amendment is going to be accepted I would request the Hon. the Law Member to amend it to this extent.”

9th November 1935]

V.—ANNOUNCEMENT *RE* SELECT COMMITTEE ON AMENDMENT TO
STANDING ORDER No. 5 (b) (5).

* The Hon. the PRESIDENT:—" I have to inform the House that the following nine candidates were nominated for election to the Select Committee to consider the amendment to Standing Order No. 5 (b) (5):—

- (1) Mr. U. C. Subrahmanya Bhatt.
- (2) The Hon. the Raja of Bobbili.
- (3) Dr. P. Subbarayan.
- (4) Mr. C. Ramalinga Reddi.
- (5) Sir William Wright.
- (6) Mr. M. A. Muthiah Chettiyar.
- (7) ,, K. P. Raman Menon.
- (8) ,, G. Simhachalam Pantulu.
- (9) Rao Sahib Pandit Ganala Ramamurti.

Of these Messrs. Subrahmanya Bhatt, Simhachalam and Ganala Ramamurti have since withdrawn their candidature. As the number of the remaining candidates is equal to the number of vacancies to be filled, namely, six, I hereby declare them duly elected under Regulation II (4) of the Regulations for holding of elections by means of the single transferable vote.

From the panel of Chairman, I appoint Khan Bahadur Yahya Ali Sahib Bahadur as one of the members of the Select Committee."

The House then adjourned to meet again at 11 a.m. on Monday, the 11th November 1935.

R. V. KRISHNA AYYAR,
Secretary to the Legislative Council.

[9th November 1935]

APPENDIX.

[Vide answer to question No. 516 asked by Mr. P. V. Rajagopal Pillai at the meeting of the Legislative Council held on the 9th November 1935, page 957 supra.]

Statement showing the number of gazetted posts held by members of Scheduled Classes on 31st March 1935, the designation of those posts and the caste of the holders of such posts.

Number of gazetted appointments held by members of Scheduled Classes on 31st March 1935.	Designation of appointments.	Caste of holders of such appointments.
<i>Permanent.</i>		
1	Deputy Registrar of Co-operative Societies.	Adi-Andhra.
1	Personal Assistant to the Commissioner of Labour.	Adi-Dravida.
1	District Board Engineer	Samagara.
1	Deputy Collector	Pallan.
4		
<i>Temporary including acting and probationary.</i>		
1	District Veterinary Officer	Adi-Dravida.
1	Deputy Collector	Valluvan.
1	Do.	Devendrakulathan.
3		

வாய்மையே வெல்லும்
TRUTH ALONE TRIUMPHS